

THE COMMISSIONER OF CORPORATIONS HEREBY ADOPTS
THE FOLLOWING NONSUBSTANTIVE CHANGES
IN THE REGULATIONS
AS SET FORTH IN CHAPTER 3, TITLE 10,
CALIFORNIA CODE OF REGULATIONS
EFFECTIVE: OCTOBER 25, 2002

1. Amend subsection (a) of Section 250.9.1 to read:

250.9.1. Records Subject to Public Inspection.

(a) All applications, amendments, supplements and exhibits thereto, filed for any qualification, registration, order, permit, certificate, license, consent or other authority including correspondence between the parties and the Commissioner directly relating thereto. Financial statements, reports, advertising, and correspondence between the parties and the Commissioner directly relating thereto. ~~The foregoing does not include documents regarding the payment rendered or to be rendered by health care service plans.~~

Note: Authority cited: Section 17771, Business and Professions Code; Sections 25014.6(b)(2), 25610, 27003, 28951 and 31502, Corporations Code; Sections 12300, 14201, 17400, 18347, 22150, 30006 and 50304, Financial Code; ~~Sections 1344 and 35190, Health and Safety Code;~~ and Section 5155, Labor Code. Reference: Sections 25014.6(b)(2), 25605, 25617, 27005, 28505, 31504 and 31505, Corporations Code; Sections 12300, 22160 and 50312, Financial Code; Sections 6253 and 6254, Government Code; ~~Sections 1344, 1351, 1380 and 1383, Health and Safety Code;~~ and Sections 5155, 5159(d) and 5186, Labor Code.

2. Amend subsection (a) of Section 250.12 to read:

250.12. Interpretive Opinions, Determinations and Specific Rulings.

(a) The Commissioner has discretionary authority to issue interpretive opinions pursuant to Corporations Code Section 25618 (of the Corporate Securities Law of 1968), Corporations Code Section 29546 (of the California Commodity Law of 1990), Corporations Code Section 31510 (of the Franchise Investment Law), Corporations Code Section 28952 (of the Capital Access Company Law), and Financial Code Section 50312 (of the California Residential Mortgage Lending Act) ~~and Health and Safety Code Section 1344(b) (of the Knox-Keene Health Care Service Plan Act of 1975)~~; determinations under Corporations Code Section 25014.6(b)(2); and specific rulings under Financial Code Section 22150 (of the California Finance Lenders Law). Each request for a written interpretive opinion, determination or specific ruling of the commissioner shall be made in writing and shall fully set forth the questions presented and the particular facts and circumstances upon which the opinion is requested. Each interpretive opinion, determination or specific ruling is applicable only to the transaction identified in the request therefor, and may not be relied upon in connection with any other transaction.

Note: Authority cited: Sections 25014.6(b)(2), 25610, 28951, 29561, and 31502, Corporations Code; ~~Section 1344, Health and Safety Code~~; Sections 22150 and 50304, Financial Code; and Section 5155, Labor Code. Reference: Sections 25014.6(b)(2), 25618, 28952, 29546, and 31510, Corporations Code; Sections 22160 and 50312, Financial Code; ~~Section 1344(b), Health and Safety Code~~; and Section 5155(b), Labor Code.

3. Amend Section 250.51 to read:

250.51. Permit Processing Times.

Column (a), below, describes the types of permit applications subject to these rules. Column (b) sets forth the period dating from receipt of the application within which the Department must inform the applicant, in writing, that the application is complete and accepted for filing or that the application is deficient and what information is required to make the application complete. Column (c) prescribes the period dating from the filing of a complete application (determined by the date of notification that application is complete) within which the Department must reach a permit decision. Columns (d), (e), and (f) set forth the Department's median, minimum and maximum times, respectively, for processing a permit from the receipt of the initial application to the final permit decision. Time periods are in days.

(a)	(b)	(c)	(d)	(e)	(f)
Negotiating permit (Sec. 25102(c) Corp. Code)	15	10	7	7	7
Designation of Issuer (Sec. 25100(k) Corp. Code)	15	15	9	9	9
Qualification of securities by notification (Sec. 25112 Corp. Code)	35	15	13	1	281
Qualification of securities by permit (Sec. 25113 Corp. Code)	45	15	14	1	352
Qualification of securities by coordination (Sec. 25111 Corp. Code)	35	15	23	1	344

Qualification of securities by permit (Sec. 25121 Corp. Code)	45	15	15	1	261
Qualification of securities by notification (Sec. 25131 Corp. Code)	45	15	15	2	310
Application for removal of condition under Sec. 25141 Corp. Code	15	15	22	2	253
Permit to execute or issue any guarantee of any security	15	15	9	4	54
Commissioner's consent to transfer securities	25	15	10	1	272
Post-effective amendment to qualification of securities	21	15	8	1	353
Broker-dealer certificate (Sec. 25211 Corp. Code)	55	15	35	1	389
Investment Adviser certificate (Sec. 25231 Corp. Code)	45	15	72	4	359
Repurchase offer for securities (Sec. 25507 Corp. Code)	35	15	20	2	316
Application for exemption pursuant to Sec. 25100(l) Corp. Code	15	15	No applications in last 2 years		
Franchise registration (Sec. 31110 Corp. Code)	45	25	26	2	388
Renewal of franchise registration (Sec. 31121 Corp. Code)	15	25	27	3	259
Amendment to franchise registration	15	25	10	1	144

Material modification to franchise registration (Sec. 31125 Corp. Code)	14	28	34	12	93
Check Sellers, Bill Payers & Proraters License (Fin. Code Sec. 12200)	28	14	57	39	98
Escrow Agent Main Office (Fin. Code Sec. 17200)	45	30	57	19	221
Escrow Agent Branch Office (Fin. Code Sec. 17213.5)	45	30	39	7	117
California Finance Lender license (Fin. Code Sec. 22200)	45	60	29	2	122
Health Care Service Plan license (H&S Code Sec. 1351)	56	28	545	150	1,900
Health Care Service Plan material modification (H&S Code Sec. 1352.1)	56	28	171	30	365
Securities Depository (Fin. Code Sec. 30200)	21	21	No applications in last 2 years		
<u>Credit Instruments – Guaranteed Loan Offer and Advertising Package (Section 1556 of the California Code of Regulations)</u> <u>(Fin. Code Sec. 22165)</u>	<u>25</u>	<u>25</u>	<u>19</u>	<u>6</u>	<u>36</u>

Note: Authority cited: Sections 15376 and 15378, Government Code. Reference:

Sections 15376 and 15378, Government Code.

4. Amend subsection (a) of Section 250.60 to read:

250.60. Limitations on Licenses and Certificates to Aliens.

(a) This section shall apply to any individual (e.g., sole proprietorship) who is applying for any of the following:

(1) Broker-Dealer Certificate (Corporations Code Section 25211).

(2) Investment Adviser Certificate (Corporations Code Section 25231).

(3) Finance Lender or Broker License (Financial Code Section 22101).

(4) Residential Mortgage Lender and/or Servicer Licenses (Financial Code Sections 50122 and 50130).

~~(5) Health Care Service Plan License (Health and Safety Code Section 1351).~~

Note: Authority cited: Section 25610, Corporations Code and; Sections 22150 and 50304, Financial Code. ~~Section 1344, Health and Safety Code~~ Reference: Sections 25211 and 25231, Corporations Code; Sections 22101, 50122 and 50130, Financial Code; ~~Section 1351, Health and Safety Code~~; and 8 U.S.C. Section 1621, 1641 and 1642.

5. Amend Section 260.001 to read:

260.001. General Definitions.

The terms defined in Part 1 and Section 25600 of the Corporate Securities Law of 1968 when used in this Subchapter 2 shall have the meanings set forth in that part and that section. In addition, the following definitions shall apply in this Subchapter 2:

(a) "Charter Documents" means certificate of incorporation, articles of incorporation, articles of organization, certificate of determination of preferences,

agreement of consolidation or merger, and bylaws of a corporation; a shareholders' agreement as defined in subsection ~~(g)~~; (h); declaration of trust; agreement of partnership, certificate of limited partnership, or any other document or instrument adopted to establish or regulate any association, joint stock company, trust, limited liability company, or other entity; as such documents are currently in effect, and includes a certificate of correction such as that referred to in Section 109 of the Code, an opinion of counsel pursuant to Section 110 of the Code (or pursuant to a similar provision of the law of a foreign jurisdiction), and any of the foregoing which have been filed with the Secretary of State or similar authority subject to a request for delayed effectiveness.

(b) "Close corporation" means a corporation which is a close corporation within the meaning of Section 158 of the Code, and includes a foreign corporation organized or operating pursuant to a similar provision of the laws of a foreign jurisdiction.

(c) "Code" means the California Corporations Code.

(d) "Default" or "Arrears" means default or arrears in payment of dividends, interest, sinking fund payment, or principal, on the date due.

(e) "Limited Offering Qualification" means a qualification which authorizes the offer and sale of securities only to persons designated therein by name or class.

(f) "Open Qualification" means a qualification which authorizes the offer and sale of securities to the public generally, without restriction as to persons or class of persons.

(g) A "Seasoned Corporation" ordinarily means an issuer which has been conducting bona fide business operations, either directly or through a predecessor, for more than two years, and has operated at profit during at least one of the last three fiscal years.

(h) Unless the context otherwise requires, "shareholders' agreement" means an agreement as defined by Section 186 of the Code, and includes substantially similar agreements pursuant to the laws of a foreign jurisdiction (See Sections 260.017.2, 260.017.3, 260.102.12 and ~~260.105.24~~ 260.105.22).

(i) The term "small business issuer" means any entity meeting all of the following:

(1) has annual revenues of less than \$12.5 million;

(2) is either a California corporation or a foreign corporation, which foreign corporation at the time of filing an application for qualification:

(A) is subject to Section 2115 of the Code, ~~without regard to the filing requirement under Section 2108 of the Code,~~ or

(B) is not subject to Section 2115 of the Code, but by applying the three-factor test set forth in subdivision (a) of Section 2115 of the Code, has an average property factor, payroll factor and sales factor of not less than 25 percent during the latest full income year, provided that the payroll factor for the same period is at least 50 percent, and has a percentage of outstanding voting securities held of record, as of the last record date for a shareholder's meeting, by persons having addresses in this state of at least 25 percent;

(3) is not an investment company subject to the Investment Company Act of 1940 or "blind pool" company (as that term is defined in Section 260.113.1); and,

(4) if a majority-owned subsidiary, the parent is also a small business issuer.

Note: Authority cited: Section 25610, Corporations Code. Reference: Sections 2115, 25113(b)(2), 25600 and 25610, Corporations Code.

6. Amend Section 260.100.1 to read:

260.100.1. Form of Request for Designation.

Any organization which desires to be designated as one entitled to the exemption for the offer and sale of life income contracts pursuant to Subdivision (k) of Section 25100, and which is not within the class designated in Section 260.100 of these rules, may apply to the Commissioner for such a designation by order, on the following form:

File No. _____

(Insert file number of previous filings
before the Department, if any.)

Fee: \$50

Date of Request _____

DEPARTMENT OF CORPORATIONS

STATE OF CALIFORNIA

Request for designation as an exempt organization pursuant to Subdivision (k) of Section 25100 of the Corporate Securities Law of 1968.

1. _____

(Name of Applicant)

2. _____

(Principal business address of applicant)

3. _____

(State whether applicant is a corporation, trust or other entity)

4. Is applicant organized exclusively for educational, benevolent, fraternal, religious, charitable, social, or reformatory purposes and not for pecuniary profit?

5. _____

(Name and address of person to whom correspondence regarding this request should be addressed.)

6. Describe briefly the type of activities engaged in by applicant.

7. There are attached hereto as exhibits, if applicable, the 7 following which are hereby incorporated by reference:

A. Financial statements, including a balance sheet of recent date and a profit and loss statement for each of the three fiscal years preceding the date of the balance sheet. The balance sheet and profit and loss statements should reflect all assets acquired from donors of property in consideration of the payment to the donor or other persons of income or specified periodic payments.

B. A list containing the complete names and other business affiliations of the directors, officers, trustees and/or other persons who will be charged with the activities and operation of the applicant.

C. A statement setting forth the scope and nature of any investment advisory services that the applicant has utilized or proposes to utilize, or (if no such services are utilized) the investment experience of the persons to manage the investment portfolio.

D. An opinion of counsel with respect to the tax consequences to the prospective donors of property.

The applicant has duly caused this application to be signed on its behalf by the undersigned, thereunto duly authorized.

(Applicant)

By _____
(Title)

I certify (or declare) under penalty of perjury under the laws of the State of California that I have read this application and the exhibits thereto and know the contents thereof, and that the statements therein are true and correct.

Executed at _____, on _____, 19 20.

(Place)

(Date)

(Signature)

Note: Authority cited: Section 25610, Corporations Code. Reference: Section 25100(k), Corporations Code.

7. Amend Section 260.100.3 to read:

260.100.3. Request for Order of Exemption.

(a) Any issuer whose notes, drafts, bills of exchange or banker's acceptances would be exempt from the qualification requirements of the Corporate Securities Law by virtue of subdivision (1) of Section 25100 but for the fact that such securities are to be offered and sold in amounts of less than \$25,000 in the aggregate to any one purchaser may request an order of exemption pursuant to subdivision (1) of Section 25100 for such securities.

Generally, unless otherwise stated in the order, the order of exemption shall be for a one-year period and may be renewed for additional periods upon submission and approval of subsequent requests for order of exemption.

The order of exemption shall only be applicable to the securities described in the request for the order when offered and sold in the manner described in the request for the order. The order of exemption will exempt the securities that are the subject of the order from the provisions of Sections 25110, 25120 and 25130 of the Corporate Securities Law.

(b) A request for such order of exemption, or for renewal thereof, shall be submitted to the Commissioner on the following form:

File No. _____

Date of Request _____

DEPARTMENT OF CORPORATIONS

STATE OF CALIFORNIA

REQUEST FOR ORDER OF EXEMPTION PURSUANT
TO SUBDIVISION (1) OF SECTION 25100 OF THE
CORPORATE SECURITIES LAW OF 1968

1. _____

(Name of Issuer)

2. _____
(Address of Principal Executive Office of Issuer)

3. a. Is Issuer a corporation, partnership, bank, trust or other entity? _____

b. State of incorporation or jurisdiction under which organized _____

4. Name and address of person to whom correspondence regarding this request
should be addressed:

5.	(a)	(b)	(c)	(d)	(e)
	Title of	Maturities	Denominations	Renewable	Minimum
	securities	(days or	Min.-Max.	(yes or no)	investment
		months)			
		Min.-Max.			
	_____	_____	_____	_____	_____
	_____	_____	_____	_____	_____

(f)

Average dollar amount of such securities
in minimum investments of less than
\$25,000 outstanding during previous 12
months

(g)

Average dollar amount of such securities
outstanding during previous 12 months

California	Total	California	Total
\$ _____	\$ _____	\$ _____	\$ _____
_____	_____	_____	_____

6. Briefly describe the business done by the Issuer and its parent or subsidiaries.

7. Briefly describe the class or classes of persons to whom the securities will be offered and the manner in which such persons will be solicited for such offers. Explain the suitability of the security as an investment for the individuals to whom offers are made and explain any relationships between such individuals and the Issuer. Attach copies of any advertising or other information disclosing the nature of the investment that is utilized in the solicitation process.

8. Briefly describe the terms of the securities, including renewal provisions or “roll-over” features. Describe the relationship between denomination, maturity, and rate of return, and the manner in which the Issuer establishes the rate of return. Explain

whether the securities are sold at a discount or whether periodic interest payments are made. Attach a specimen certificate for each type of security to be issued pursuant to this exemption evidencing the security to be issued.

9. State the principal transactions out of which the securities arise or the principal purposes for which the net proceeds of the sales of such securities are to be used and the approximate amount intended to be used for each such transaction or purpose.

10. Attach as exhibits, if applicable, the following which are hereby incorporated by reference.

a. Financial statements of the Issuer as required by Section 260.613 of Title 10 of the California ~~Administrative Code~~ of Regulations.

b. Copies of the Issuer's most recent Form 10-K and Form 8-K filings with the Securities and Exchange Commission (or the filings of the parent if the Issuer has not made such filings).

c. Copies of each of the most recent ratings by nationally recognized statistical rating organizations of the Issuer's securities issuable pursuant to the exemption under Section 25100 (I), or a description thereof if copies are not available.

d. A schedule which sets forth the Issuer's ratio of earnings to fixed charges, current ratio, quick asset ratio and inventory turnover (all based on the Issuer's most current financial information).

e. A copy of any "no action" letters issued by the Securities and Exchange Commission regarding whether the Issuer's securities are exempt from the registration requirements of the Securities Act of 1933 pursuant to Section 3(a)(3). If no such letters have been requested or received, attach an opinion of counsel that such securities are so exempt.

11. Are any of the Issuer's securities in default?

12. Describe any material changes which may have occurred subsequent to the dates of any financial statements or information submitted. Is the Issuer aware of any information which would give rise to questions regarding the ratings disclosed under Item 10c? If so, describe the information.

13. There is no adverse order, judgment or decree entered in connection with Issuer's debt securities that are exempt pursuant to Section 25100 (l), or similar exemption in another jurisdiction, or Section 3(a)(3) of the Securities Act of 1933, by any state regulatory authority, any court, or the Securities and Exchange Commission, except as follows: (If none, so state)

14. Submit any additional statements or information which will assist the Commissioner in determining whether qualification of such securities is necessary or appropriate in the public interest or for the protection of investors.

15. The Issuer agrees, in the event it does not reapply for an exemption under Subdivision (1) of Section 25100, to furnish the information specified in Item 5 above for the period during which the exemption herein applied for is in effect, if granted, within 90 days after the expiration of such exemption.

The Issuer has duly caused this request to be signed on its behalf by the undersigned, thereunto duly authorized.

(Issuer)

By_____

(Title)

I certify (or declare) under penalty of perjury under the laws of the State of California that I have read this request and the exhibits thereto and know the contents thereof, and that the statements therein are true and correct.

Executed at _____ on _____, 19 20.

(Place)

(Date)

(Signature)

Instruction: It is recognized that if this is the Issuer's first request for Order of Exemption, some of the information requested by this application may not be available to the Issuer. If any requested information is not available, the Issuer shall so state and explain why the information is not available. The Commissioner expects that all Issuers who intend to apply for this Order of Exemption on a continuous basis will take appropriate action subsequent to the initial request to obtain information that was unavailable for this request for submission in subsequent requests for Order of Exemption pursuant to Section 25100(l).

Note: Authority cited: Sections 25100(l) and 25610, Corporations Code.

Reference: Section 25100(l), Corporations Code.

8. Amend subsection (b) of Section 260.102.4 to read:

(b) A corporation does not have "only one class of stock" outstanding if, at the time its shares are issued, there exists or is presently intended to be executed a shareholders' agreement pursuant to which any of the rights, preferences, privileges, or restrictions

upon its shares, as enumerated in Subdivision (e) of Section 25103 of the Code, are or would be modified as to ~~ay~~ any such shares, or as to the holders of any such shares, in a manner not applicable to all outstanding shares.

Note: Authority cited: Section 25610, Corporations Code. Reference: Sections 25102 and 25103, Corporations Code.

9. Amend subsection (b) of Section 260.102.8 to read:

(b) The consent to service of process form required by Clause (5) of Subdivision (h) of Section 25102 of the Code shall be in the following form on 8 1/2" by 11" paper:

TO THE COMMISSIONER OF CORPORATIONS OF
THE STATE OF CALIFORNIA

CONSENT TO SERVICE OF PROCESS

KNOW ALL MEN BY THESE PRESENTS:

That the undersigned, _____ (a corporation organized under the laws of the State of _____), hereby irrevocably appoints the Commissioner of Corporations of the State of California, or the Commissioner's successor in office, to be ~~the~~ its attorney to receive service of any lawful process in any noncriminal suit, action or proceeding against it, or its successor which arises under the California Corporate Securities Law of 1968 or any rule or order thereunder after this

consent has been filed, with the same force and validity as if served personally on the undersigned.

For the purpose of compliance with the Corporations Code of the State of California, notice of the service and a copy of the process should be sent by registered or certified mail to the undersigned at the following address:

Name

Street Address

City

State

Zip Code

Dated: _____, 20_____.

By _____

Title _____

State of California)

County of _____)

On _____ before me, (here insert name and title of the officer) personally appeared _____ personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature _____ (Seal)

Any certificate of acknowledgement taken in another state shall be sufficient in the State of California if it is taken in accordance with the laws of the place where the acknowledgement is made.

Note: Authority cited: Sections 25102(h), 25608 and 25610, Corporations Code; and Statutes of 1983, Chapter 859, Section 9. Reference: Section 25102(h), Corporations Code and Section 1189, Civil Code.

10. Amend Section 260.102.16 to read:

260.102.16. Limited Public Offering Exemption Notice of Transaction.

(a) An issuer who conducts a transaction under Section 25102(n) of the Code shall file the notices of transaction with the Commissioner as follows:

(1) A First Notice of Transaction must be filed with the Commissioner concurrently with the earlier of the publication of the general announcement of the proposed offering or at the time of the initial offer of securities. The fee required by Section 25608(x) of the Code must accompany the filing. Each issuer (other than a California corporation) must also file a consent to service of process (Form 260.165), unless it already has a consent to service on file with the Commissioner. The filing should be accompanied with a cover letter indicating that the filing is pursuant to Section 25102(n), and if a consent to service is not included, a statement that the issuer already has a consent to service on file with the Commissioner. The claim of exemption is available upon the filing of the First Notice of Transaction and the payment of the filing fee, and terminates on the close or ~~abandonment~~ abandonment of the offering, but in no case more than 210 days from the date of the filing of the First Notice of Transaction.

(2) A Second Notice of Transaction Pursuant to Corporations Code Section 25102(n) must be filed within ten business days after the close or abandonment of the proposed offering, but in any case no more than 210 days from the date of the filing of the First Notice of Transaction.

(b) The term, "blind pool issuer," is defined to have the same meaning as the term, "blind pool company," found at Section 260.113.1(a)1. of these rules. However, for

the purpose of the exemption from qualification provided by Section 25102(n) of the Code, the word "company" is used in a generic and comprehensive sense to include individuals, partnerships, corporations, and other forms of organization of an enterprise.

(c) This exemption is not available for transactions where the issuer has either failed to file the First Notice of Transaction or has failed to pay the required filing fee. However, failure to file the Second Notice of Transaction will not jeopardize the availability of the exemption.

(d) Form of the First Notice. The following form is to be used for transactions covered by subsection (a)(1):

(Department of Corporations Use Only)
Fee paid \$ _____
Receipt No. _____

DEPARTMENT OF CORPORATIONS FILE NO., if any: _____
Insert File Number(s) of Previous Filings
Before the Department, if any.

1

COMMISSIONER OF CORPORATIONS
STATE OF CALIFORNIA

**FIRST NOTICE OF TRANSACTION
PURSUANT TO CORPORATIONS CODE SECTION 25102(n)**

;
Check One: () Transaction under Section 25102(n)
() Transaction under Rule 260.103 with Notice pursuant to Section
25102(n)

FEE: \$600.00 (For Section 25102(n) filings including transactions under Section 25102(n) and Rule 260.103)

See Corporations Code Section 25608(x)

1. Name of Issuer: _____

2. Address of Issuer: _____
Street City State ZIP

Mailing Address: _____
Street City State ZIP

3. Area Code and Telephone Number: _____

4. Incorporation or organization of the Issuer. Check one:
- ☐ Issuer is a California corporation.
- ☐ Issuer is a foreign corporation subject to Corporations Code Section 2115.
Issuer's state (or other jurisdiction) of incorporation or organization:
_____.
- ☐ Issuer is another form of business entity organized under the laws of California
(specify):
_____.
5. Title of class or classes of securities to be sold in the transaction: _____
6. Type of filing under Securities Act of 1933, if applicable: _____
7. Distribution of Disclosure Statements. Check one:
- ☐ Disclosure statements will be provided to each purchaser at least five business days before the securities are sold to the purchaser; or
- ☐ Disclosure statements will not be provided based on the fact that all purchasers fall within Rule 206.102.13.
8. Filing of Disclosure Statements. Check one:
- ☐ Copies of the disclosure statements and subscription agreements are attached; or
- ☐ Copies of the disclosure statements and subscription agreements will be filed with the Commissioner within 10 days of filing this notice. Failure to comply with this request may result in an administrative penalty of up to \$1,000.
9. General Announcement of the Offering. Check one:
- ☐ A general announcement of the offering was not made and will not be made.
- ☐ A copy of the general announcement of the offering is enclosed with this notice.
- Date of Publication: _____
- Method of Publication (e.g., newspaper, other publications, Internet): _____
10. Undertaking: The issuer undertakes to deliver the disclosure statement required by paragraph (4) of Corporations Code Section 25102(n) to be delivered to specified

qualified purchasers, and any supplement thereto, to the Commissioner within 10 days of the Commissioner's request for the information.

11. Date of First Notice: _____
_____ Issuer

() Check if issuer already has a consent to
service of process on file with the
Commissioner. _____
Authorized Signature on behalf of Issuer

Print name and title of signatory

Name, Address, and Phone number of contact person:

Instruction: Each issuer (other than a California Corporation) filing a notice under Section 25102(n) must also file a eConsent to sService of pProcess (Form 260.165), unless it already has a valid consent to service on file with the Commissioner.

First Notice - Section 25102(n)

INSTRUCTIONS FOR FILING THE FIRST NOTICE

1. The notices are to provide information on transactions conducted under the Section 25102(n) exemption from the qualification requirements of Section 25110 of the Corporate Securities Law of 1968. The form is not designed to indicate whether or not the transaction complies with the requirements of those exemptions but only to provide notice to the Commissioner that the exemption is being relied on. See, Corporations Code Section 25163. This exemption is not available for transactions

where the issuer has failed to file the First Notice of Transaction or has failed to pay the required filing fee.

2. When to File the First Notice. A First Notice of Transaction must be filed with the Commissioner of Corporations concurrent with the publication of the general announcement of the proposed offering or at the time of the initial offer of securities, whichever occurs first, accompanied by \$600 filing fee. A Second Notice of Transaction must be filed within ten business days following the close or abandonment of the proposed offering, but in any case no more than 210 days from the date of the filing of the First Notice of Transaction.

3. The Notice may be filed in person or by mail at any office of the Department.

The Heading. If the issuer has previously qualified securities with the Department, insert the file number of the qualification in the upper right hand corner of the form in the space provided. The fee for filing the First Notice of Transaction is \$600.00. There is no filing fee for the Second Notice of Transaction. A transaction under Rule 260.103 with a Notice pursuant to Section 25102(n) requires a \$600.00 filing fee.

Item 1. Give the issuer's legal name.

Item 2. Give the street address, and the mailing address if different, of the issuer's principal place of business.

Item 3. Give the telephone number of issuer's principal place of business.

Item 4. Indicate the incorporation or organization of the issuer. Only entities organized in California (other than foreign corporations subject to Corporations Code

Section 2115) may claim this exemption. If the issuer is a foreign corporation subject to Corporations Code Section 2115, provide the name of the jurisdiction where issuer is domiciled. If the issuer is another form of business entity organized under the laws of California, specify the type of business entity.

Item 5. Set forth the name or title of each class or type of security to be sold in the transaction.

Item 6. If the transaction was registered under the Securities Act of 1933, insert "registered". If conducted pursuant to an exemption from registration under that Act which requires a filing with the Securities and Exchange Commission, indicate the number of the rule pursuant to which the filing was made. If no such filing was required, insert "none".

Item 7. Indicate whether or not disclosure statements will be distributed.

Item 8. Indicate if disclosure statements are attached to the notice or if they will be submitted within 10 days of the Commissioner's request for the information.

Item 9. Indicate how the general announcement of the offering was made.

Item 10. Sets forth the undertaking language required by Corporations Code Section 25102(n)(7).

Item 11. Date and Signature. The notices should be signed by an authorized officer, director, general partner or trustee of the issuer (or a person occupying a position with the issuer of equivalent responsibility) or by the authorized attorney of the issuer. If the person the Department is to contact in the event of questions concerning the transaction is different from the signer, insert the contact person's name, telephone

number and correspondence address in the spaces provided. Otherwise, provide this information with respect to the signer.

Filing Fee. Each First Notice under 25102(n) must be accompanied by the filing fee required by Section 25608(x) of the Code.

Corporations Code Section 25165 requires each issuer, other than a California corporation, to file a consent to service of process with the Notices filed pursuant to Section 25102(n) unless it already has a consent to service on file with the Commissioner. Use Form 260.165 (see Rule 260.165, Title 10, California Code of Regulations).

(e) The Form of the Second Notice. The following form is to be used for transactions covered under subdivision (a)(2).

(Department of Corporations Use Only)
Fee paid with First Notice \$ _____

DEPARTMENT OF CORPORATIONS FILE NO., if any:

Insert File Number(s) of Previous Filings
Before the Department, if any.

2

COMMISSIONER OF CORPORATIONS
STATE OF CALIFORNIA

**SECOND NOTICE OF TRANSACTION
PURSUANT TO CORPORATIONS CODE SECTION 25102(n)**

Check One: ☐ Transaction under Section 25102(n)
☐ Transaction under Rule 260.103 with Notice pursuant to section 25102(n)

1. Name of Issuer: _____

2. Address of Issuer: _____

	Street	City	State	ZIP
Mailing Address:	Street	City	State	ZIP

3. Area Code and Telephone Number: _____
4. Date of Filing of First Notice: _____
5. Date of close or abandonment of the offering: _____
6. Title of class or classes of securities to be sold in the transaction: _____

7. Type of filing under Securities Act of 1933, if applicable: _____

8. Date of Second Notice: _____
- Issuer
- () Check if issuer already has a consent to service of process on file with the Commissioner. _____
Authorized Signature on behalf of Issuer
- _____
- Print name and title of signatory

Name, Address, and Phone number of contact person:

Instruction: Each issuer (other than a California Corporation) filing a notice under Section 25102(n) must also file a eConsent to sService of pProcess (Form 260.165), unless it already has a valid consent to service on file with the Commissioner

Second Notice - Section 25102(n)

INSTRUCTIONS FOR FILING THE SECOND NOTICE.

1. When to File the Second Notice. A Second Notice of Transaction must be filed within ten business days following the close or abandonment of the proposed offering, but in any case no more than 210 days from the date of the filing of the First Notice of Transaction.

2. The Notice may be filed in person or by mail at any office of the Department.

The Heading. If the issuer has previously qualified securities with the Department, insert the file number of the qualification in the upper right hand corner of the form in the space provided. There is no fee for filing the Second Notice of Transaction.

Item 1. Give the issuer's legal name.

Item 2. Give the street address, and the mailing address if different, of the issuer's principal place of business.

Item 3. Give the telephone number of the issuer's principal place of business.

Item 4. Give the date the First Notice was filed with the Department of Corporations.

Item 5. Give the date the offering was closed or abandoned.

Item 6. Set forth the name or title of each class or type of security to be sold in the transaction.

Item 7. If the transaction was registered under the Securities Act of 1933, insert "registered". If conducted pursuant to an exemption from registration under that Act which requires a filing with the Securities and Exchange Commission, indicate the number of the rule pursuant to which such filing was made. If no such filing was required, insert "none."

Item 8. Date and Signature. The notice should be signed by an authorized officer, director, general partner or trustee of the issuer (or a person occupying a position with the issuer of equivalent responsibility) or by the authorized attorney of the issuer. If the person the Department is to contact in the event of questions concerning the transaction is different from the signer, insert the contact person's name, telephone number and

correspondence address in the spaces provided. Otherwise, provide this information with respect to the signer.

Corporations Code Section 25165 requires each issuer, other than a California corporation, to file a consent to service of process with the Notices filed pursuant to Section 25102(n) unless it already has a consent to service on file with the Commissioner. Use Form 260.165 (see Rule 260.165, Title 10, California Code of Regulations).

Note: Authority cited: Sections 25165 and 25610, Corporations Code.

Reference: Sections 25102(n), 25165 and 25608, Corporations Code.

11. Amend Section 260.103 to read:

260.103. Exemption from Qualification of Recapitalizations and Reorganizations.

(a) Pursuant to the authority contained in Section 25105 of the Code, the following transactions are exempted from the provisions of Section 25120 of the Code as not being comprehended within the purposes of the Corporate Securities Law of 1968 and the qualification of which is not necessary or appropriate in the public interest or for the protection of investors:

(1) Any change in the rights, preferences, privileges, or restrictions of or on outstanding securities, and any exchange of securities by the issuer with its existing security holders exclusively, if the transaction, had it involved the issuance of a new security containing the changed rights, preferences, privileges, or restrictions, or a new issuance of the exchange security, would have been exempt from the provisions of

Section 25110 of the Code by any of the subdivisions of Section 25102 of the Code or Section 260.105.14 of these rules; and

(2) Any ~~any~~ exchange of securities in connection with any merger or consolidation or sale of corporate assets in consideration wholly or in part of the issuance of securities under, or pursuant to, a plan of reorganization or arrangement which, pursuant to the provisions of the ~~National Bankruptcy Act~~ Bankruptcy Code, has been confirmed or is subject to confirmation by the decree or order of a court of competent jurisdiction.

(b) A transaction conducted under this rule by reason of the provisions of subdivisions (f), (h) or (n) of Section 25102 requires the issuer to file the notice prescribed thereunder (see Rules 260.102.8, 260.102.14, and 260.102.16).

Note: Authority cited: Sections 25105 and 25610, Corporations Code.

Reference: Sections 25102 and 25103, Corporations Code.

12. Amend Section 260.105.8 to read:

260.105.8. Incentive Stock Option Plans.

(a) There is hereby exempted from the provisions of Section 25110 of the Code as not being comprehended within the purposes of the Corporate Securities Law of 1968 and the qualification of which is not necessary or appropriate in the public interest or for the protection of investors, any offer or sale of incentive stock options as defined in, and complying with all terms of, the United States Internal Revenue Code of 1954 1986, if

(1) the company issuing such options is the issuer of any security registered under Section 12 of the Securities Exchange Act of 1934, (15 USC 781), and

(2) the total number of shares of stock of the company subject to such incentive stock options (and all other employee stock options outstanding), does not exceed 10% of the outstanding shares of the same class of the company (excluding all shares subject to promotional waivers) and

(3) options granted prior to shareholder approval are by their terms not exercisable until shareholder approval has been obtained and are void if shareholder approval is not obtained within the time prescribed by the Internal Revenue Code of 1954 1986.

(b) There is hereby exempted from the provisions of Section 25120 of the Code as not being comprehended within the purposes of the Corporate Securities Law of 1968 and the qualification of which is not necessary or appropriate in the public interest or for the protection of investors, any offer or sale of incentive stock options as a result of the amendment of outstanding options to conform to the requirements for incentive stock options, as defined in the United States Internal Revenue Code of 1954 1986, provided one of the following applies:

(1) The outstanding options were qualified under Section 25110 of the Code.

(2) The transaction conforms to the requirements of subsections (1), (2) and (3) of subsection (a).

(3) The transaction conforms to the requirements of subsections (1) and (3) of subsection (a) and, at the time the options were issued, that transaction conformed to the limitation in subsection (2) of subsection (a).

Note: Authority cited: Sections 25105 and 25610, Corporations Code. Reference: Section 25105, Corporations Code.

13. Repeal Section 260.105.28 as follows:

~~260.105.28. Reliance on Eligible Securities List.~~

~~There is hereby exempted from the revisions of Section 25130 of the Code as not being comprehended within the purposes of the Corporate Securities Law of 1968 and the qualification of which is not necessary or appropriate in the public interest or for the protection of investors any offer or sale of a security made in reliance upon the current Eligible Securities List published by the Commissioner pursuant to Section 25611 of the Code, if the person making such offer or sale is not the person who filed the notice or supplemental notice pursuant to subdivision (b) of Section 25101 of the Code giving rise to the exemption thereunder for the security so offered or sold, except that the person who filed the notice or supplemental notice may rely on the current Eligible Securities List if that person had no actual knowledge at the time of filing the notice of a fact which would make the information contained in the notice or supplemental notice untrue.~~

~~NOTE Authority cited: Section 25610, Corporations Code. Reference: Section 25105, Corporations Code.~~

14. Amend Section 260.105.33 to read:

260.105.33. Senior to Listed or Designated Securities.

(a) There is hereby exempted from the provisions of ~~sections~~ Sections 25110 and 25130 of the Code as not being comprehended within the purposes of the Corporate Securities Law of 1968 and the qualification of which is not necessary or appropriate in the public interest or for the protection of investors, any offer or sale of an equity security

(1) which is

(A) issued by the issuer of a security listed on an exchange certified by the Commissioner pursuant to the provisions of ~~section~~ Section 25100(o) of the Code, or

(B) issued by the issuer of a security designated as a national market system security on an interdealer quotation system by the National Association of Securities Dealers, Inc. certified by the Commissioner pursuant to the provisions of ~~section~~ Section 25100(o) of the Code, and

(2) which is senior to such listed or designated security, including a senior security which is convertible into another senior security or into securities of the listed or designated class.

Except as provided in the next sentence, an equity security is "senior" to a listed or designated security of the same issuer within the meaning of this section if, upon liquidation or dissolution of the issuer, the holders of such security are entitled to payment from, or to participate in the distribution of assets of, the issuer prior to any payment to, or participation in such distribution of assets by, the holders of such listed or designated security. An equity security is not "senior" to a listed or designated security of the same issuer if it is currently able to be converted into an evidence of indebtedness which does not meet the requirements for the exemption under Rule 260.105.34.

(b) Notice. The issuer of securities pursuant to the exemption under this ~~section~~ rule or ~~section~~ Rule 260.105.34 shall file a notice upon the form specified below containing the information specified and in accordance with the instructions in subsections (c) and (d). Neither the failure to file the notice nor the failure to file it as required by this section shall affect the availability of the exemption under this ~~section~~ rule or ~~section~~ Rule 260.105.34. The notice shall be in the following form:

Department of Corporations Use Only

DEPARTMENT OF CORPORATIONS

Fee Paid \$ _____

FILE NO. (if any)

Receipt No. _____

(Insert file number of previous filings of

Applicant before the Department, if any)

FILING FEE: \$25.00 \$35.00 \$50.00 \$150.00 \$300.00

See instructions and Rule 260.608.3, Title 10, California Code of Regulations

NOTICE TO CALIFORNIA COMMISSIONER OF CORPORATIONS OF
TRANSACTION UNDER RULE 260.105.33 AND/OR RULE 260.105.34
THE UNDER THE CORPORATE SECURITIES LAW OF 1968

() Original Notice () Amendment to Notice dated: _____

PLEASE COMPLETE EACH ITEM ACCORDING TO THE INSTRUCTIONS BELOW:

1. A. Name of Issuer:

Insert legal name.

B. Address of Principal Business Office of Issuer:

2. Other Issuer Information:

A. Type of Organization: _____

B. Year of Organization: _____

C. State of Organization: _____

3. Person to be Contacted Regarding this Notice:

Name: _____

Mailing Address: _____

Phone: () _____

4. Transaction: (See Instructions on Reverse)

A. Rule Used: () 260.105.33 () 260.105.34

B. Proposed First Sale Date: _____

C. Securities Description: _____

D. Value of Securities: _____

E. Convertible: () Yes () No

If Yes, Name of Class: _____

5. () Attached is a consent to service of process required by Corporations Code Section
~~260.165~~ 25165.

6. Execution on Behalf of Issuer

Date of Notice: _____

Authorized Signature on Behalf of Issuer named above

Printed name of Signatory

Title

(c) General Instructions.

(1) Time to File: The notice pursuant to the exemptions from qualification under sections Rules 260.105.33 and 260.105.34 (Title 10, California Code of Regulations) is to be filed within 60 days after the first contractual commitment in this state to purchase the securities offered in the transaction. If one of the securities offered are sold in this state, a notice of need not be filed.

(2) "Transaction." File a separate notice for each transaction. For the purposes of this notice, "transaction" means:

(A) All offers and sales of securities pursuant to a registration under ~~section~~ Section 5 of the Securities Act of 1933 [or in the case of a "shelf registration" under Rule

415 (17 C.F.R. 230.415), pursuant to a supplement to the registration] or pursuant to notice filed under ~~section~~ Section 4(6) of that act or ~~regulation~~ Regulation A, B, D, or E thereunder (17 C.F.R. ~~sections~~ Sections 230.251 to 230.264, 230.300 to 230.346, 230.501 to 230.506, and 230.601 to ~~230.610(a)~~ 230.610(a)).

(B) Except as provided in subsection (A), the term "transaction" means all sales of securities which would constitute a single transaction, based on the discussion of "integration" in Release 33-4552 under the Securities Act of 1933.

(3) Form: Use the printed form available from any office of the Commissioner or type the form on one side of 8 1/2 by 11 inch white bond paper.

(4) Filing Fee: Payment of the fee prescribed by Rule 260.608.3 is required only when an original notice is required to be filed for a transaction exempted by Rule 260.105.33, Rule 260.105.34 or both rules. Neither a notice nor a fee is required if securities are offered but not sold in this state in the transaction. No fee is required for filing an amended notice unless the aggregate value of the securities sold is increased as explained in Rule 260.608.3.

(d) Instructions for Completing Items. In the heading portion of the form, insert the Department's file number for the issuer, if available, in the space provided, and circle or underline the amount of the fee specified for the notice by Rule 260.608.3.

(1) The issuer. Give the legal name of the issuer and the mailing address of its principal business office.

(2) Other Issuer Information. Indicate the issuer's type of organization (e.g., "corporation," "partnership," or "business trust"), the jurisdiction under whose laws it was organized and the year of its incorporation or inception.

(3) Contact ~~Person:~~ Person. Indicate the name of the person to be contacted regarding the notice, including the name of that person's firm, and the person's mailing address and telephone number.

(4) Transaction. See General Instructions.

(A) Rule Number. Indicate either Rule 260.105.33 or 260.105.34, or both rules, as applicable.

(B) Proposed 1st Sale Date. Insert the date upon which it is believed that the first contractual commitment in this state was received in connection with the offering. If the first sale has not occurred, insert the date of the notice from Item 6.

(C) Securities Description. ~~insert~~ Insert a brief description of the security or securities, and indicate whether it is convertible into another class of securities of the issuer, and if so, the name of such other class.

(D) Value of Securities. Indicate the value of the securities sold or expected to be sold in the transaction, determined pursuant to Corporations Code ~~section~~ Section 25608(g). The value of consideration other than cash may be determined by the issuer.

(5) The consent to service of process should be filed on Form 260.165. It need not be filed if the issuer is a California corporation or if the issuer has a consent to service on file with the Commissioner.

(6) Execution. The notice should be manually signed by a person authorized to do so on behalf of the issuer.

Note: Authority cited: Sections 25105 and 25610, Corporations Code. Reference: Sections 25105 and 25608(w), Corporations Code.

15. Amend Section 260.111 to read:

260.111. Application for Qualification by Coordination.

An applicant must comply with the requirements of subdivisions (a) and (b) of Section 25111 of the Code when filing an application for qualification by coordination. See also, Section 260.111.1 of these rules.

(a) In lieu of the form set forth in subsection (b), the Uniform Application to Register Securities (Form U-1) recommended by the Subcommittee on Uniform Forms of the Committee on State Regulation of Securities of the American Bar Association's Section of Corporation, Banking and Business Law will be accepted for an application for qualification by coordination. If Form U-1 is utilized, it must be signed and verified as provided in the form set forth in subsection (b) and it must contain the information required by the form set forth in subsection (b).

(b) An application for qualification of the offer and sale of securities by coordination shall, in addition to the facing page required by Section 260.110 of these rules, continue in the following form:

8. Applicant hereby undertakes to forward to the Commissioner of Corporations all future amendments to the Registration Statement under the Securities Act of 1933 attached hereto as Exhibit A, other than an amendment which merely delays the effective date of the Registration Statement, promptly and in any event not later than the first business day after the day they are forwarded to or filed with the Securities and Exchange Commission, whichever first occurs.

9. A copy of the Registration Statement under the Securities Act of 1933, either two copies of the prospectus or two additional copies of the Registration Statement, a

copy of the Underwriting Agreement, copies of any pension, retirement or other deferred compensation plan, contract or arrangement when securities to be issued pursuant to such plan, contract or arrangement are the subject of the application, is attached hereto as Exhibit A and incorporated herein by reference. Any of the exhibits (other than exhibits incorporated by reference) to the Registration Statement that are deemed necessary to evidence compliance with any of the Rules of the Commissioner contained in Title 10 of the California Administrative Code of Regulations may be required to be submitted.

10. The Consent to Service of Process if required by Section 25165 of the California Corporations Code is attached hereto as Exhibit B. A Customer Authorization of Disclosure of Financial Records Form (Form No. QR 500.259) is attached hereto as Exhibit C.

11. If the applicant will employ agents (other than licensed broker-dealers) in connection with the sale of securities in California, the applicant must comply with Sections 260.141.30 and 260.141.31, Title 10, California Administrative Code of Regulations, and furnish the following information.

a. The name and business address of each person who will represent the applicant as an agent in this state.

b. The name and business address of the officer or other official who will supervise such agents on behalf of the applicant.

c. A statement that all such agents employed in this state are employees of the applicant.

d. A statement of the compensation to be paid to such agents. A statement of the compensation to be paid to such supervisory personnel, other than their regular salaries if they are regular employees of the applicant.

e. Describe any order, judgment or decree of any governmental agency or administrator, or of any court of competent jurisdiction revoking or suspending for cause any license, permit or other authority of such agent or supervisory person or of any corporation of which he is an officer or director, to engage in the securities business or in the sale of a particular security or temporarily or permanently restraining or enjoining any such person or any corporation of which he is an officer or director from engaging in or continuing any conduct, practice, or employment in connection with the purchase or sale of securities, or convicting such person of any felony or misdemeanor involving a security or any aspect of the securities business, or of theft or of any felony.

f. A surety bond complying with Section 260.216.15, Title 10, California ~~Administrative Code~~ of Regulations.

12. Pursuant to Section 25146 of the California Corporations Code and Section 260.146 of Title 10 of the California ~~Administrative Code~~ of Regulations, applicant hereby undertakes, as long as required under the foregoing sections and subject to the exception therein contained, to file with the Commissioner: (a) within 120 days after the end of each fiscal year a report of financial condition and a related statement of income and expenses covering such fiscal year; and (b) within 90 days after the first six months of each fiscal year, a like report and statement covering such six months period.

(NOTE: The application must be signed and verified in the following manner.)

The applicant has duly caused this application to be signed on its behalf by the undersigned, thereunto duly authorized.

(Applicant)

By _____

(Title)

I certify (or declare) under penalty of perjury under the laws of the State of California that I have read this application and the exhibits thereto and know the contents thereof, and that the statements therein are true and correct.

Executed at _____, on _____, 19 20_____

(Place)

(Date)

(Signature)

Note: Authority cited: Sections 25111(b), 25610 and 25612, Corporations Code.
Reference: Sections 25110, 25111 and 25160, Corporations Code.

16. Amend Section 260.112 to read:

260.112. Application for Qualification of Issuer Transaction by Notification

An application for the qualification of the offer and sale of securities by notification pursuant to Section 25112 of the Code shall, in addition to the facing page required by Section 260.110 of the rules, continue in the following form:

Note: Any item which is inapplicable should be listed by number on the form followed simply by the word "inapplicable."

ITEM 8. DESCRIPTION OF BUSINESS. Describe the business done and intended to be done by the issuer and its subsidiaries and the general development of such business during the past three years. Indicate any other names under which the issuer or any of its subsidiaries have conducted business during such period.

ITEM 9. USE OF PROCEEDS TO ISSUER. State the principal purposes for which the net proceeds to the applicant for the securities to be offered are intended to be used and the approximate amount intended to be used for each such purpose.

ITEM 10. PLAN OF DISTRIBUTION. Describe the plan of distribution of securities including the names of any underwriters or agents to be employed by applicant in connection with the sale of securities and the discounts or compensation to be allowed or paid to such persons, or other consideration to be received by such persons or other persons in connection with the sale of securities. If agents (other than licensed broker-dealers) are to be employed by the applicant in connection with the sale of securities in California, the applicant must comply with Sections 260.141.30 and

260.141.31, Title 10, California ~~Administrative Code~~ of Regulations, and furnish the following information:

a. The name and business address of each person who will represent the applicant as an agent in this state.

b. The name and business address of the officer or other official who will supervise such agents on behalf of the applicant.

c. A statement that all such agents employed in this state are employees of the applicant.

d. A statement of the compensation to be paid to such agents. A statement of the compensation to be paid to such supervisory personnel, other than their regular salaries if they are regular employees of the applicant.

e. Describe any order, judgment or decree of any governmental agency or administrator, or of any court of competent jurisdiction revoking or suspending for cause any license, permit or other authority of such agent or supervisory person or of any corporation of which he is an officer or director, to engage in the securities business or in the sale of a particular security or temporarily or permanently restraining or enjoining any such person or any corporation of which he is an officer or director from engaging in or continuing any conduct, practice, or employment in connection with the purchase or sale of securities, or convicting such person of any felony or misdemeanor involving a security or any aspect of the securities business, or of theft or of any felony.

f. A surety bond complying with Section 260.216.15, Title 10, California ~~Administrative Code~~ of Regulations.

ITEM 11. DIRECTORS AND EXECUTIVE OFFICERS. List the names of all directors and officers of the issuer indicating all positions and offices held by each person named. In addition, describe any order, judgment, or decree of any governmental agency or administrator, or of any court of competent jurisdiction revoking or suspending for cause any ~~licence~~ license, permit or other authority of such person or of any corporation of which he is an officer or director, to engage in the securities business or in the sale of a particular security or temporarily or permanently restraining or enjoining any such person or any corporation of which he is an officer or director from engaging in or continuing any conduct, practice, or employment in connection with the purchase or sale of securities, or convicting such person of any felony or misdemeanor involving a security or any aspect of the securities business, or of theft or of any felony.

ITEM 12. MATERIAL TRANSACTIONS WITH AFFILIATES. Describe any material transactions or agreements during the 3-year period immediately preceding the filing of the application between (i) the applicant or any of its affiliated companies, and (ii) any of the promoters, directors, officers, principal employees, principal security holders, underwriters or agents, or any company directly or indirectly controlled by any such person or persons.

ITEM 13. OUTSTANDING SECURITIES. State in tabular form the title and amount of all outstanding securities and whether any of such securities are publicly traded.

ITEM 14. OUTSTANDING OPTIONS TO PURCHASE SECURITIES. State in tabular form the title and amount of securities called for by any options, warrants or rights, including the purchase price of the securities so called for and the expiration

dates of such options, together with the market value of the securities so called for as of the latest practicable date. Such statement should include the foregoing information for all options held by each officer or director of the applicant. Except for information with respect to each officer or director, information with respect to option prices and expiration dates may be furnished in ranges.

ITEM 15. PRINCIPAL SECURITY HOLDERS. State in tabular form the voting securities of the issue owned of record or beneficially by each person who owns of record or is known by the applicant to own beneficially more than 10 percent of the outstanding securities of any class of such voting securities. Such statement should reflect the respective amounts and percentages owned either beneficially or of record by each person and such statement should also include information as to the amounts held by, and the terms of, any voting trust or similar agreement with respect to more than 10 percent of the outstanding securities of any class voting securities of the issuer.

ITEM 16. REMUNERATION OF DIRECTORS AND OFFICERS, AND PRINCIPAL SECURITY HOLDERS. Furnish in tabular form information as to the direct remuneration paid by the issuer and its subsidiaries during the issuer's last fiscal year for services in all capacities to each director, officer, and principal holder of securities whose aggregate direct remuneration during such year exceeded \$60,000, and the aggregate remuneration paid to all officers, directors and principal holders of securities as a group.

ITEM 17. ADDITIONAL INFORMATION IN CONNECTION WITH DEBT SECURITIES AND OPTIONS OR STOCK BONUSES. Instructions:

(i) Debt securities:

(a) A copy of the trust indenture or other instrument pursuant to which the debt securities are to be issued should be attached to the application as an additional exhibit.

(b) Include a calculation based upon earnings history during the past three years demonstrating the ability of applicant to meet the proposed dividends, interest and sinking fund requirements on all senior securities outstanding and proposed to be outstanding (in cases where such ability to meet the proposed dividends, interest and sinking fund requirements depends upon future earning capacity, applicant should submit calculations of such future earning capacity together with such supporting evidence as may be necessary to demonstrate reasonable certainty in connection with such future earning capacity).

(c) Such other information as may be required to comply with the rules of the Commissioner of Corporations relating to debt securities.

(ii) Options or stock bonuses:

(a) A copy of the plan pursuant to which options or stock bonuses will be granted should be attached to the application as an additional exhibit together with a copy of the form of option or stock bonus agreement to be issued pursuant to the plan.

(b) A copy of any proxy material submitted or to be submitted to shareholders in connection with approval of the plan.

(c) If the plan has previously been approved by the shareholders, a statement of the number of shares approving and the number of shares opposing or not represented.

ITEM 18. ADDITIONAL INFORMATION. Indicate such additional information as may be required to evidence compliance with any of the rules of the Commissioner contained in Title 10 of the California Administrative Code of Regulations.

ITEM 19. EXHIBITS. Attach and incorporate by reference the following exhibits:

Note: Any exhibit which is inapplicable should be listed by letter on the form followed simply by the word "inapplicable."

A. A copy of the charter documents of applicant as described in Section 260.001 of Title 10 of the California ~~Administrative Code~~ of Regulations (which may be in the form of a restated or composite copy).

B. Specimen certificate evidencing the security to be issued. (Instruction: Certificates evidencing securities of a class with currently outstanding shares or units should not be submitted.)

C. A copy of any contract made or to be made by the issuer affecting any of the rights, privileges or preferences or transferability of the securities.

D. Financial statements of the issuer and, if some or all of the consideration to be received by the issuer in the transaction is securities of another business, the financial statements of such other business, as required by Section 260.613 of Title 10 of the California ~~Administrative Code~~ of Regulations.

E. A copy of any advertisement or prospectus to be used in connection with the offer or sale of the securities. Also include the consent of any attorney, accountant or other expert named in any such advertisement or prospectus, if required pursuant to Section 260.504.2.2 of Title 10, California ~~Administrative Code~~ of Regulations, in the form required by that section.

F. A description of the consideration to be received by applicant in exchange for the securities if other than cash.

Instructions: If the applicant proposes to issue securities in exchange for consideration other than cash, state in tabular form the total number of shares proposed to be issued for each type of consideration, the per share selling price based on the consideration proposed to be paid and the names of the purchasers for each category. Submit an appraisal or detailed description of the valuation thereof, or if for a patent or invention for which an application for patent is pending, a copy of the patent or application together with an opinion of a patent attorney covering subjects of ownership and validity thereof and of infringement of patents of others by products as disclosed therein, and a description of all contracts, licenses and assignments of rights or interests herein.

G. A list of the names of the proposed purchasers or an identification of the class of the proposed offerees, if the application is for a limited offering qualification.

Instructions: A list of the complete names, post office addresses and occupations of the proposed issuees and a statement as to the relationship, if any, of the proposed issuees to the promoters, officers or directors of applicant. Further information as to the financial responsibility and investment experience of the proposed purchasers, while not required as part of the original application except in connection with oil and gas or mining interests and real estate syndicates, if furnished may serve to facilitate processing by the Department. (UPON REQUEST, SUCH INFORMATION WILL BE TREATED AS CONFIDENTIAL BY THE COMMISSIONER.) If the applicant proposes to limit the offering to a class of purchasers, information concerning the financial and other qualifications which will be used to determine the class, together with the methods

to be used by the applicant in qualifying purchasers within that class, should be submitted.

H. The Consent to Service of Process if required by Section 25165 of the California Corporations Code.

I. A Customer Authorization of Disclosure of Financial Records Form (Form No. QR 500.259).

ITEM 20. REPORTS OF FINANCIAL CONDITION. Pursuant to Section 25146 of the California Corporations Code and Section 260.146 of Title 10 of the California Administrative Code of Regulations, applicant hereby undertakes, as long as required under the foregoing sections and subject to the exception therein contained, to file with the Commissioner: (a) within 120 days after the end of each fiscal year a report of financial condition and a related statement of income and expenses covering such fiscal year; and (b) within 90 days after the first six months of each fiscal year, a like report and statement covering such six months period.

(Note: The application must be signed and verified in the following manner.)

The applicant has duly caused this application to be signed on its behalf by the undersigned, thereunto duly authorized.

(Applicant)

By _____

(Title)

I certify (or declare) under penalty of perjury under the laws of the State of California that I have read this application and the exhibits thereto and know the contents thereof, and that the statements therein are true and correct.

Executed at _____, on _____, 19 20

(Place)

(Date)

(Signature)

Note: Authority cited: Sections 25112(b), 25610 and 25612, Corporations Code.
Reference: Sections 25110, 25112 and 25160, Corporations Code.

17. Amend subsection (iv) of Item 20 in Section 260.113 to read:

ITEM 20 ADDITIONAL INFORMATION REQUIRED IN CONNECTION WITH
INTEREST OR PARTICIPATION IN OIL, GAS OR MINING LEASES; REAL ESTATE
SYNDICATES; AND MUTUAL WATER COMPANIES AND CHURCHES

(iv) Church debt securities: An application for permit to offer and sell church debt securities must demonstrate compliance with Subarticle 7.2, Article 4, Subchapter ~~23~~ 2.3 of these rules.

18. Amend the certification in Section 260.113 to read:

I certify (or declare) under penalty of perjury under the laws of the State of California that I have read this application and the exhibits thereto and know the contents thereof, and that the statements therein are true and correct.

Executed at _____, on _____, ~~19~~ 20_____

(Place)

(Date)

(Signature)

Note: Authority cited: Sections 25113(b), 25610 and 25612, Corporations Code.

Reference: Sections 25110, 25113, and 25160, Corporations Code.

19. Amend Section 260.121 to read:

260.121. Application for Qualification of Recapitalizations and Reorganizations.

An application pursuant to Section 25121 of the Code for the qualification of the offer and sale of securities in connection with any change in the rights, preferences, privileges, or restrictions of or on outstanding securities or in any exchange of securities by the issuer with its existing security holders exclusively or in any exchange in

connection with any merger or consolidation or purchase of corporate assets in consideration wholly or in part of the issuance of securities shall, in addition to the facing page required by Section 260.110 of these rules, continue on the following form:

NOTE: Any item which is inapplicable should be listed by number on the form followed simply by the word "inapplicable."

(a) IF THE TRANSACTION INVOLVES a merger, consolidation or purchase of corporate assets:

ITEM 8. DESCRIPTION OF PLAN. Describe the material features of the plan, the reasons therefor, the general effect thereof upon the rights of existing security holders, the approximate number of shareholders of each corporation involved, the vote needed for its approval, the proposed date for the mailing of proxies and the proposed date of the shareholders' meeting.

ITEM 9. EXECUTION OF PLAN. Describe the method by which the plan described in Item 8 will be carried out, including the names of any broker-dealers or agents to be employed by each corporation in effecting purchases or sales of securities pursuant to the plan and the compensation to be paid such persons, or other consideration to be received by such persons, or any other persons, in connection with the sale or purchase of securities. If agents (other than licensed broker-dealers) are to be employed by the applicant in connection with the distribution of securities in California pursuant to the plan, the applicant is required to comply with Sections 260.141.30 and 260.141.31, Title 10, California Administrative Code of Regulations, and the following information is to be furnished:

a. The name and business address of each person who will represent the applicant as an agent in this state.

b. The name and business address of the officer or other official who will supervise such agents on behalf of the applicant.

c. A statement that all such agents are employees of the applicant.

d. A statement of the compensation to be paid to such agents. A statement of the compensation to be paid to such supervisory personnel, other than their regular salaries if they are regular employees of the applicant.

e. Describe any order, judgment or decree of any governmental agency or administrator, or of any court of competent jurisdiction revoking or suspending for cause any license, permit or other authority of such agent or supervisory person or of any corporation of which he is an officer or director, to engage in the securities business or in the sale of a particular security or temporarily or permanently restraining or enjoining any such person or any corporation of which he is an officer or director from engaging in or continuing any conduct, practice, or employment in connection with the purchase or sale of securities, or convicting such person of any felony or misdemeanor involving a security or any aspect of the securities business, or of theft or of any felony.

f. A surety bond complying with Section 260.216.15, Title 10, California Administrative Code of Regulations.

ITEM 10. DESCRIPTION OF BUSINESS. Describe the business of the issuer and each other corporation involved in the transaction.

ITEM 11. DIVIDENDS IN ARREARS OR DEFAULTS. A statement concerning any dividends in arrears or defaults in principal or interest in respect of any securities of

the issuer and any other corporation involved in the transaction, and concerning the effect of the plan thereon.

ITEM 12. HIGH AND LOW SALES PRICES WITHIN 2 YEARS. As to each class of securities of the issuer and of each other corporation involved in the transaction which is admitted to trading on a securities exchange or with respect to which a market otherwise exists, and which will be materially affected by the plan, state the high and low sale prices (or, in the absence of such information, the range of the bid prices) for each quarterly period within two years.

ITEM 13. DIRECTORS AND EXECUTIVE OFFICERS.

(a) List the names of all directors and officers of the issuer and of each other corporation involved in the transaction, indicating all positions and offices held by each person named.

(b) Describe any order, judgment, or decree of any governmental agency or administrator, or of any court of competent jurisdiction revoking or suspending for cause any license, permit or other authority of such person or of any corporation of which he is an officer or director, to engage in the securities business or in the sale of a particular security or temporarily or permanently restraining or enjoining any such person or any corporation of which he is an officer or director from engaging in or continuing any conduct, practice, or employment in connection with the purchase or sale of securities, or convicting such person of any felony or misdemeanor involving a security or any aspect of the securities business, or of theft or of any felony.

ITEM 14. PRINCIPAL HOLDERS OF SECURITIES. State any material interest in the transaction of each person who, with respect to the issuer or any other

corporation involved in the transaction, is a director or officer or person occupying a similar status or performing similar functions, or owns of record or beneficially (if known to the issuer) 10% or more of the outstanding shares of any class of equity securities, or is a promoter if the issuer or such other corporation was organized within the past three years. (Instruction: An interest of one of the specified persons which arises solely from the ownership of securities of only one of the corporations involved in the transaction is not a material interest where the specified person receives no extra or special benefit not shared on a pro rata basis by all holders of securities of that class.)

ITEM 15. EXCHANGE RATIO. State the basis of the ratio for the exchange of the securities of the issuer corporation for the securities of the constituent corporation(s).

ITEM 16. EXHIBITS. Attach and incorporate by reference the following exhibits. NOTE: Any exhibit which is inapplicable should be listed by letter on the form followed simply by the word "inapplicable."

A. With respect to the issuer and each other corporation involved in the transaction, the financial statements required by Section 260.613 of Title 10 of the California Administrative Code of Regulations, and pro forma financial statements giving effect to the proposed transaction.

B. A copy of the plan of reorganization if it is set forth in a written document, including any request for delayed effectiveness of the filing of such document with the Secretary of State or similar authority.

C. Copies (which may be in a restated or composite form) of the current charter documents (as defined in Section 260.001, Title 10, California Administrative Code of

Regulations) of the issuer and of each constituent corporation involved in a merger or consolidation.

D. A copy of any contract made or to be made by the issuer affecting any of the rights, preferences, privileges, or transferability of the securities.

E. Subject to the following instruction, a copy of any agreement made or to be made by or among shareholders of the issuer which materially affects, or will materially affect, any of the rights, preferences, privileges, or restrictions of or on securities of the issuer or the management of the issuer (including any voting agreement, irrevocable proxy or shareholders' agreement).

Instruction: If a copy of an agreement is not available to the issuer, so state and furnish a brief description of the agreement including therein such information regarding the parties and terms as is known to the issuer. Nothing contained herein shall be construed as requiring the issuer to disclose information concerning agreements of which it has no knowledge.

F. A preliminary copy of the proxy material to be used to solicit the vote or consents of security holders (amended copies of such proxy material and final copies should be submitted as supplemental information to this application), and the consent of any attorney, accountant or other expert named in such proxy material, if such expert's consent is required pursuant to Section 260.504.2.2, Title 10, California Administrative Code ~~Administrative~~ Code of Regulations, in the form required by that section.

G. The Consent to Service of Process if required by Section 25165 of the California Corporations Code.

H. A Customer Authorization of Disclosure of Financial Records Form (Form No. QR 500.259).

ITEM 17. REPORTS OF FINANCIAL CONDITION. Pursuant to Section 25146 of the California Corporations Code and Section 260.146 of Title 10 of the California ~~Administrative Code~~ Code of Regulations, applicant hereby undertakes, as long as required under the foregoing sections and subject to the exceptions therein contained, to file with the Commissioner: (a) within 120 days after the end of each fiscal year a report of financial condition and a related statement of income and expenses covering such fiscal year; and (b) within 90 days after the first six months of each fiscal year, a like report and statement covering such six months period.

(b) IF THE TRANSACTION INVOLVES a change in the rights, preferences, privileges or restrictions of or on outstanding securities or an exchange by an issuer with its existing security holders exclusively:

ITEM 8. OUTSTANDING SECURITIES TO BE MODIFIED. State the title and amount of outstanding securities to be modified.

ITEM 9. DESCRIPTION OF OUTSTANDING SECURITIES AND MODIFIED SECURITIES. Describe any material differences between the outstanding securities and the modified or new securities.

ITEM 10. DESCRIPTION OF PROPOSED MODIFICATION. State the reasons for the proposed modification, the general effect thereof upon the rights of existing security holders, the basis of the ratio for the exchange of securities by an issuer with its existing security holders, the vote needed for approval, the proposed date for the mailing of proxies and the proposed date of the shareholders' meeting.

ITEM 11. DIVIDENDS IN ARREARS OR DEFAULTS. A statement as to arrears in dividends or as to defaults in principal or interest with respect to outstanding securities which are to be modified, and such other information as may be appropriate in the particular case to disclose adequately the nature and effect of the proposed action.

ITEM 12. METHOD OF SELLING THE SECURITIES. If the applicant will employ broker-dealers or agents in connection with the recapitalization described in Items 9 and 10, describe the functions such persons will perform, furnish their names, and state the compensation to be paid such persons, or other consideration to be received by such persons, or any other persons, in connection with the sale or purchase of securities under the plan of recapitalization. If agents are to be employed by the applicant in connection with the distribution of securities pursuant to the plan, the applicant is required to comply with Sections 260.141.30 and 260.141.31, Title 10, California Administrative Code of Regulations, and the following information is to be furnished:

- a. The name and business address of each person who will represent the applicant as an agent in this state.
- b. The name and business address of the officer or other official who will supervise such agents on behalf of the applicant.
- c. A statement that all such agents are employees of the applicant.
- d. A statement of the compensation to be paid to such agents. A statement of the compensation to be paid to such supervisory personnel, other than their regular salaries if they are regular employees of the applicant.

e. Describe any order, judgment or decree of any governmental agency or administrator, or of any court of competent jurisdiction revoking or suspending for cause any license, permit or other authority of such agent or supervisory person or of any corporation of which he is an officer or director, to engage in the securities business or in the sale of a particular security or temporarily or permanently restraining or enjoining any such person or any corporation of which he is an officer or director from engaging in or continuing any conduct, practice, or employment in connection with the purchase or sale of securities, or convicting such person of any felony or misdemeanor involving a security or any aspect of the securities business, or of theft or of any felony.

f. A surety bond complying with Section 260.216.15, Title 10, California Administrative Code of Regulations.

ITEM 13. DIRECTORS AND EXECUTIVE OFFICERS.

(a) List the names of all directors and officers of the issuer indicating all positions and offices held by each person named.

(b) Describe any order, judgment, or decree of any governmental agency or administrator, or of any court of competent jurisdiction revoking or suspending for cause any license, permit or other authority of such person or of any corporation of which he is an officer or director, to engage in the securities business or in the sale of a particular security or temporarily or permanently restraining or enjoining any such person or any corporation of which he is an officer or director from engaging in or continuing any conduct, practice, or employment in connection with the purchase or sale of securities, or convicting such person of any felony or misdemeanor involving a security or any aspect of the securities business, or of theft or of any felony.

ITEM 14. PRINCIPAL HOLDERS OF SECURITIES. State any material interest in the transaction of each officer or director of the issuer, or any person occupying a similar status or performing similar functions, any person owning of record or beneficially (if known to the issuer) 10% or more of the outstanding shares of any class of equity security of the issuer, and any promoter of the issuer if the issuer was organized within the past three years.

ITEM 15. EXHIBITS. Attach and incorporate by reference the following exhibits. NOTE: Any exhibit which is inapplicable should be listed by letter on the form followed simply by the word "inapplicable."

A. With respect to the issuer, the financial statements required by Section 260.613 of Title 10 of the California ~~Administrative Code~~ of Regulations.

B. A copy of the plan of recapitalization if it is set forth in a written document, including any request for delayed effectiveness of the filing of such document with the Secretary of State or similar authority.

C. Copies (which may be in a restated or composite form) of the current charter documents (as defined in Section 260.001, Title 10, California ~~Administrative Code~~ of Regulations) of the issuer and of each constituent corporation involved in a merger or consolidation.

D. A preliminary copy of the proxy material to be used to solicit the vote or consents of security holders (amended copies of such proxy material and final copies should be submitted as supplemental information to this application), and the consent of any attorney, accountant or other expert named in such proxy material, if such expert's

consent is required pursuant to Section 260.504.2.2, Title 10, California ~~Administrative~~ Code of Regulations, in the form required by that section.

E. A copy of any contract made or to be made by the issuer affecting any of the rights, preferences, privileges, or transferability of the securities.

F. The Consent to Service of Process if required by Section 25165 of the California Corporations Code.

G. Subject to the following instruction, a copy of any agreement made or to be made by or among shareholders of the issuer which materially affects, or will materially affect, any of the rights, preferences, privileges, or restrictions of or on securities of the issuer or the management of the issuer (including any voting agreement, irrevocable proxy or shareholders' agreement).

H. A Customer Authorization of Disclosure of Financial Records Form (Form No. QR 500.259).

Instruction: If a copy of an agreement is not available to the issuer, so state and furnish a brief description of the agreement including therein such information regarding the parties and terms as is known to the issuer. Nothing contained herein shall be construed as requiring the issuer to disclose information concerning agreements of which it has no knowledge.

ITEM 16. REPORTS OF FINANCIAL CONDITION. Pursuant to Section 25146 of the California Corporations Code and Section 260.146 of Title 10 of the California ~~Administrative~~ Code of Regulations, applicant hereby undertakes, as long as required under the foregoing sections and subject to the exceptions therein contained, to file with the Commissioner:

(a) within 120 days after the end of each fiscal year a report of financial condition and a related statement of income and expenses covering such fiscal year; and

(b) within 90 days after the first six months of each fiscal year, a like report and statement covering such six months period.

(c) Signatures:

The application must be signed and verified in the following form:

The applicant has duly caused this application to be signed on its behalf by the undersigned, thereunto duly authorized.

(Applicant)

By _____

(Title)

I certify (or declare) under penalty of perjury under the laws of the State of California that I have read this application and the exhibits thereto and know the contents thereof, and that the statements therein are true and correct.

Executed at _____, on _____, 19 20
(Place) (Date)

(Signature)

Note: Authority cited: Sections 25112(b), 25610 and 25612, Corporations Code.

Reference: Sections 25110, 25112 and 25160, Corporations Code.

20. Amend the certification in Section 260.131 to read:

I certify (or declare) under penalty of perjury under the laws of the State of California that I have read this application and the exhibits thereto and know the contents thereof, and that the statements therein are true and correct.

Executed at _____, on _____, 19 20
(Place) (Date)

(Signature)

Note: Authority cited: Sections 25131(b), 25610, 25611 and 25612, Corporations Code. Reference: Sections 25130, 25131, 25160 and 25162, Corporations Code.

21. Amend Section 260.140.71.2 to read:

260.140.71.2. Application for Qualification by Permit Pursuant to Section 25113 of the Corporate Securities Law of 1968.

An application for qualification by permit of the offer and sale of securities proposed to be issued by a mutual water company must contain the information required by Sections 260.110 and 260.113 of the Commissioner's Rules.

In addition, the following information must be filed as an exhibit to the application in response to the items of Rule 260.113 found below:

(a) Item 20(iii):

(1) A statement of the purposes of the company indicating the scope and variety of its proposed operations.

(2) A description of the service area in which the mutual water company proposes to deliver water, and a representation that the mutual water company contacted the Public Utilities Commission (PUC) and the county local agency formation commission (LAFCO) to determine if the proposed service area will overlap an existing water service area or if an existing water service area could more appropriately serve the subdivision. In the case of a proposed subdivision, contact with the PUC and the LAFCO should be made at the time of initial contact with the local planning department. If a water company is reorganizing to become a mutual water company, contact with the PUC and the LAFCO should be made at the time initial contact with the local or state department of health.

(3) A description of the method by which the company is to acquire the water supply, distribution and fire protection system. If a mutual water company being formed in connection with subdivided lands or a subdivision of land is to acquire its water supply, distribution and fire protection system from the subdivider, copies of the contract and other documents relating to the acquisition of the system must be filed. These contracts and documents must evidence the mutual water company's title to the water supply, distribution and fire protection system. For example: a bill of sale transferring all personal property used and usable in the operation of the mutual water company; a copy of the recorded deed to the wells and water tanks to be used by the mutual water company in the supply, distribution and fire protection system; copies of recorded deeds granting easements for construction, repair, maintenance and improvements of the water supply, distribution and fire protection system.

Additionally, the subdivider must file a copy of an executed written contract entered into with the mutual water company whereby the subdivider agrees with the mutual water company to pay monthly a proportional part of the repair and replacement fund (as required by Rule 260.140.71.2(b)(3)) according to the following ratio: number of lots owned or controlled by the subdivider to total number of lots in the subdivision. The written contract may also provide that, in consideration of transfer by the subdivider to the mutual water company of the water supply, distribution and fire protection system, the mutual water company agrees to:

~~(4)~~ (A) take all necessary action to apply for subsequent permits from the Department of Corporations, provided the subdivider agrees to pay all expenses of the mutual water company associated with obtaining the permit, and provided further the

extension of the water supply, distribution and fire protection system is to a contiguous subdivision and is completely integrated into the present system so that there exists, in effect, one water supply, distribution and fire protection system which will not create conflicts between present and future users;

~~(2)~~ (B) sell and issue securities to purchasers of remaining lots in the subdivision on the same terms (except for price, if the difference is justified) for the initial purchasers;

~~(3)~~ (C) cooperate with the subdivider in the operation, maintenance, and improvement of the present and contemplated water supply, distribution and fire protection system; and

~~(4)~~ (D) contract with the subdivider or a successor in interest, if a reasonable request is made to do so, for the management of the mutual water company for as long as lots in the subdivision remain unsold, provided at all times the board of directors of the mutual water company shall approve or disapprove the terms of the contract including compensation to the subdivider or successor in interest, if any.

(4) An engineer's report prepared as required by Section 260.150 and Sections 260.504.2-260.504.2.4.

(5) If the company proposes to distribute water for human consumption, a copy of the certificate of the Director of Public Health as required by Sections 4010-4024 of the Health and Safety Code must be filed.

(6) If a mutual water company is being formed in connection with subdivided lands or a subdivision of land, as defined in Sections 11000, 11000.1, 11000.5, and 11004.5 of the Business and Professions Code, the application must state that the

securities will be sold or issued only to purchasers of lots in the subdivision, or to successors in interest of purchasers of lots in the subdivision, and not sold or issued to the subdivider or to the successor in interest of the subdivider. Moreover, the application must state that the securities will be sold or issued only after a public report for the subdivision has been issued by the Department of Real Estate. The mutual water company must file one additional copy of the application to be referred for comment to the Commissioner of Real Estate.

~~(7) A statement undertaking to comply with the requirements of Civil Code Section 330.24 for making the security issued by the mutual water company appurtenant to the land.~~

~~(8)~~ (7) If the water supply and distribution system will be completed prior to the issuance of a permit by the Commissioner, the application should include either a statement of the engineer preparing the engineer's report submitted with the application, or of a person employed or acting on behalf of a public agency or other independent qualified person, that the system has been examined and tested and that the system operates in accordance with the design standards of the system described in the application.

(b) Item 21.A: The articles of incorporation or bylaws of the mutual water company must contain the following:

(1) A statement to the effect that the mutual water company shall provide water to all members or shareholders.

(2) A general description of any activities other than the delivery of water in which the water company may engage. The appropriateness of these other activities will be

determined by the commissioner upon a consideration of the circumstances in each particular case.

(3) A proviso directing the board of directors to establish a rate structure which will result in the accumulation and maintenance of a fund for the repair and replacement of the water supply, distribution and fire protection system (the “repair and replacement fund”). The rate charged, moreover, must bear a reasonable relationship to the cost of furnishing water. Unimproved lots included within the area to be served must bear a proportionate share of the cost of repair and replacement of the water supply, distribution and fire protection system, as well as a proportionate share of the cost of maintaining the repair and replacement fund.

(4) A reasonable relationship between each unit of the securities to be issued and each unit of the area to be served; e.g., one share of common stock issued for each subdivided lot purchased.

(5) A statement prohibiting the issuance of fractional shares or securities.

~~(6) A statement, meeting the requirements of Civil Code Section 330.24, that the securities are appurtenant to the land within the area to be served.~~

~~(7)~~ (6) Adequate provision must be provided for transfer of the securities, voting rights of the security holders, inspection of books and records by security holders, necessary or contemplated expansion of the facilities of the mutual water company, and further subdivision, where applicable, of the area to be served.

~~(8)~~ (7) A reasonable limitation on the salaries paid to the persons operating, or employed by, the mutual water company including officers and directors.

~~(9)~~ (8) A provision for annual meetings of the security holders accompanied by a provision for adequate notice.

~~(10)~~ (9) A provision for distributing to each security holder annually fiscal year-end financial statements within 105 days of the close of the fiscal year.

~~(11)~~ (10) In the case of a mutual water company purchasing water for distribution from a public utility, municipal water company or water district, a provision for charging all security holders a pro rata amount of the cost of water supplied to an entity providing fire protection service.

~~(c) Item 21.B: A specimen certificate evidencing the security to be issued and meeting the requirements of Civil Code Section 330.24 must be filed as an exhibit to the application.~~

~~(d)~~ (c) Item 21.F: A mutual water company must prepare an offering circular to be used in an offer and sale of its securities. This offering circular must include, among other things: a discussion of the water supply, distribution and fire protection system; a summary of the opinion of the engineer along with the engineer's consent as required by Sections 260.504.2-260.504.2.4; the area in which the mutual water company intends to provide water service; whether activities other than delivery of water are contemplated by the mutual water company; a discussion of the rights and duties of the security holders of the mutual water company as set forth in its articles of incorporation and bylaws, including the consequence of failure to pay for water or assessments; the fact that the articles of incorporation provide that the shares or securities of the mutual water company may not be sold separately from the right to water evidenced by the security of the mutual water company; prohibition of issuance of fractional shares or

securities of the mutual water company; a discussion of the certificate issued by the Director of Public Health certifying that the water is fit for human consumption; the limitation imposed on salaries to be paid to personnel operating, or employed by, the mutual water company including officers and directors; a discussion of the transferability of the securities, the voting rights of the security holders, access to books and records, necessary or contemplated expansion of the facilities of the mutual water company, and further subdivision of the area to be served, if applicable; a discussion of the subdivider's duties with respect to maintenance and repair or replacement of the water supply, distribution or fire protection system; and a discussion of the establishment and maintenance of the repair and replacement fund.

Additionally, the following exhibits shall be attached to the offering circular: a copy of the articles of incorporation and bylaws of the mutual water company; and a copy of financial statements of the mutual water company (if the mutual water company has not yet commenced operations, a detailed operating budget for the first six months of operations should be included as an exhibit to the offering circular; the operating budget must include estimated monthly fees to be charged to the water users).

Note: Authority cited: Section 25610, Corporations Code. Reference: Section 25140, Corporations Code.

22. Amend subsection (e) of Section 260.140.87 to read:

(e) The purchaser shall have the right to discontinue the further purchase of securities without forfeiting any securities already purchased or ~~cancelling~~ canceling the insurance coverage; provided, however, that when the insurance coverage is declining

balance term insurance, a requirement may be imposed that the insurance coverage will be canceled whenever the purchase of securities is discontinued.

23. Amend Section 260.140.110.2 to read:

260.140.110.2. Definitions.

(a) Acquisition Expenses--expenses including but not limited to legal fees and expenses, travel and communication expenses, cost of appraisals, non-refundable option payments on property not ~~required~~ acquired, accounting fees and expenses, title insurance, and miscellaneous expenses related to selection and acquisition of properties, whether or not acquired.

(b) Acquisition Fee--the total of all fees and commissions paid by any party in connection with the purchase or development of property by a program, except a development fee paid to a person not affiliated with a sponsor, in connection with the actual development of a project after acquisition of the land by the program. Included in the computation of such fees or commissions shall be any real estate commission, acquisition fee, selection fee, development fee, non-recurring management fee, or any fee of a similar nature, however designated.

(c) Affiliate--Affiliate of a person means:

(1) any person directly or indirectly controlling, controlled by or under common control with such person,

(2) any person owning or controlling 10% or more of the outstanding voting securities or beneficial interests of such person,

(3) any officer, director, partner, or trustee of, anyone acting in a substantially similar capacity with respect to, such person,

(4) any person who is an officer, director, partner, trustee, or holder of 10% or more of the voting securities or beneficial interests of any of the foregoing; and

(5) any entity of which any of the foregoing is an officer, director, partner, or trustee, or with respect to which such person serves ~~ie~~ in a substantially similar capacity.

(d) Appraised Value--value according to an appraisal made by an independent qualified appraiser. Such qualification may be demonstrated by membership in a nationally recognized appraisal society such as Member Appraisal Institute ("M.A.I."), Society of Real Estate Appraisers ("S.R.E.A."), or their equivalent, but is not limited thereto.

(e) ~~Assessements~~ Assessments--additional amounts of capital which may be required to be paid or paid at the option of a limited partner beyond the limited partner's subscription commitment excluding mandatory deferred payments.

(f) Audited Financial Statements--financial statements (balance sheet, statement of income, statement of partners' equity, and statement of cash flows) prepared in accordance with generally accepted accounting principles and accompanied by an independent auditor's report containing:

- (1) an unqualified opinion,
- (2) an opinion containing no material qualification or
- (3) no explanatory paragraph relating to material uncertainties (except as to litigation) or going concern issues.

(g) Capital Contribution--the gross amount of investment in a program by a participant, or all participants as the case may be. Unless otherwise specified, capital contribution shall include principal amounts to be received on account of mandatory deferred payments.

(h) Cash Available for Distribution from Operations--program cash funds provided from operations, including lease payments on net leases from builders and sellers, without deduction for depreciation, but after deducting cash funds used to pay all other expenses, debt payments, capital improvements, amounts set aside for restoration or creation of reserves, and replacements.

(i) Cash Available From Sale and Refinancing--program cash funds provided from a sale, financing or refinancing of property less the amount necessary for the payment of all debts and obligations of the partnership related to the particular property, the expenses incurred in the sale, financing or refinancing, and amounts set aside for restoration or creation of reserves.

(j) Competitive Real Estate Commission--~~that~~ a real estate or brokerage commission paid for the purchase or sale of property which is reasonable, customary and competitive in light of the size, type and location of the property.

(k) Construction Fee--a fee for acting as general contractor to construct improvements on a program's property either initially or at a later date.

(l) Development Fee--a fee for the packaging of a program's property, including negotiating and approving plans, and undertaking to assist in obtaining zoning and necessary variances and necessary financing for the specific property, either initially or at a later date.

(m) Mandatory Deferred Payments--deferred payments on account of the purchase price of program interests offered in accordance with 17 Code of Federal Regulations 240.3a12-9.

(n) Net Worth--the excess of total assets over total liabilities as determined by generally accepted accounting principles, except that if any of such assets have been depreciated, then the amount of depreciation relative to any particular asset may be added to the depreciated cost of such asset to compute total assets, provided that the amount of depreciation may be added only to the extent that the amount resulting after adding such depreciation does not exceed the fair market value of such asset.

(o) Non-Specified Property Program--a program where, at the time the qualification becomes effective, 75% or less of the net proceeds from the sale of program interests is allocable to the purchase, construction, or improvement of specific properties, or a program in which the proceeds from any sale or refinancing of properties may be reinvested. Reserves shall be included in the non-specified portion. Net proceeds shall include principal amounts to be received on account of mandatory deferred payments.

(p) Organization and Offering Expenses--actual expenses incurred in connection with and in preparing a program for qualification and subsequently offering and selling program interests, including, but not limited to, sales commissions paid to broker-dealers in connection with the distribution of program interests and all advertising expenses related to the offer and sale of program interests.

(q) Participant--the holder of a program interest.

(r) Person--any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization, or other legal entity.

(s) Program--any organization, other than a corporation or a real estate investment trust, which has as a primary purpose the investment in, operation of, or receipt of gain from an interest in real property.

(t) Program Interest--a limited partnership unit or other indicia of ownership in a program.

(u) Program Management Fee--a fee paid to the sponsor or other persons for management and administration of the program.

(v) Property Management Fee--the fee paid for professional property management services in connection with a program's real property projects.

(w) Prospectus--shall have the meaning given to that term by Section 2(10) of the Securities Act of 1933, including a preliminary prospectus; provided, however, that such term as used herein shall also include an offering circular as described in Rule 256 of the General Rules and Regulations under the Securities Act of 1933 or, in the case of an intrastate offering, any document by whatever name known, utilized for the purpose of offering and selling securities to the public.

(x) Purchase Price--means the total consideration paid for a property, including acquisition fees and all liens and mortgages on the property, but excluding points and prepaid interest.

(y) Specified Property Program--a program other than a non-specified property program.

(z) Sponsor--any person directly or indirectly instrumental in organizing, wholly or in part, a program or any person who will manage or participate in the management of a program, including the general partner(s) and any affiliate of any such person, but does not include a person whose only relation with the program is that of an independent property manager, whose only compensation is as such. "Sponsor" does not include wholly independent third parties such as attorneys, accountants, and underwriters whose only compensation is for professional services rendered in connection with the offering of program interests.

Note: Authority cited: Section 25610, Corporations Code. Reference: Section 25140, Corporations Code.

24. Amend subsection (b) of Section 260.140.113.3 to read:

(b) The limitation imposed in paragraph (a) of this Rule shall be applied separately to each acquisition, with the 18% maximum percentage computed on that portion of the proceeds (adjusted to include a pro rata amount of any organization and offering expenses) applicable to the ~~property~~ property which is the subject of the transaction.

Within 30 days after completion of the last acquisition, the sponsor shall forward to the Commissioner a schedule, verified under penalty of perjury, reflecting:

- (1) each acquisition made;
- (2) the purchase price paid (not including acquisition fees);
- (3) the aggregate of all acquisition fees paid on each transaction; and,
- (4) a computation showing compliance with this Rule

(c) The sponsor shall set forth on the face of the prospectus the amount of all acquisition fees which may be paid. This amount shall be expressed in both absolute dollars and as a percentage of the gross proceeds of the offering and may, in addition, be expressed as a percentage of the purchase price of the property.

(d) The purchase price of the program's properties shall not exceed the appraised value of the properties.

Note: Authority Cited: Section 25610, Corporations Code. Reference: Section 25140, Corporations Code.

25. Amend subsections (c) and (d) of Section 260.140.114.1 to read:

(c) Loans. No loans may be made by the program to the sponsor, except as permitted by Section ~~260.140.114.1(d)~~. 260.140.114(d).

(d) Dealings with Related Programs. A program shall not acquire property from a program in which the sponsor has an interest, except as permitted by Section ~~260.140.114.1(a)(5)~~. 260.140.114.1(a)(5).

Note: Authority cited: Section 25610, Corporations Code. Reference: Section 25140, Corporations Code.

26. Amend subsection (e) of Section 260.140.114.2 to read:

(e) No more than one-half of the interests issued by the program shall ~~been~~ be issued in exchange for property;

Note: Authority cited: Section 25610, Corporations Code. Reference: Section 25140, Corporations Code.

27. Amend Section 260.140.116.7 to read:

260.140.116.7. Transferability of Limited Partnership Interests

Restrictions on assignment of program interests or on the substitution of a limited partner are generally disfavored and such restrictions will be allowed only if they are intended to preserve the tax status of the partnership or the characterization or treatment of income or loss. Any restriction must be affirmatively supported by an opinion of counsel or a demonstration by the program as to the necessity of such restriction based on the tax laws, regulations, rulings, notices or other official pronouncements governing the ~~International~~ Internal Revenue Service. The program agreement shall require the general partner to eliminate or modify any restriction on substitution or assignment at such time as the restriction is no longer necessary.

Note: Authority cited: Section 25610, Corporations Code. Reference: Section 25140, Corporations Code.

28. Amend subsection (a) of Section 260.140.116.8 to read:

(a) Assessments will not be allowed for non-specified programs. In the case of specified programs, assessments shall be permitted only when specific circumstances demonstrate a need. If the anticipated cash flow from property (after payment of debt service and all operating expenses) is not sufficient to pay taxes and/or special assessments imposed by governmental or quasi-government units, the program

agreement may include a provision for ~~assessability~~ assessments to meet such deficiencies. ~~Assessability~~ Assessments must be limited to the foregoing obligations, and all amounts derived from such assessments must be applied only to satisfaction of said obligations.

Note: Authority cited: Section 25610, Corporations Code. Reference: Section 25140, Corporations Code.

29. Amend subsection (c) of Section 260.140.118.4 to read:

(c) Other ~~sponsors~~ Sponsors. A balance sheet for each non-corporate sponsor (including individual partners or individual joint venturers of a sponsor) as of a date not more than one hundred thirty-five days prior to the date of filing the application shall be submitted. Such balance sheet shall be prepared in accordance with generally accepted accounting principles and reviewed and reported upon by an independent certified public accountant under the review standards set forth by the American Institute of Certified Public Accountants, and shall be signed and sworn to by such sponsor. A representation of the amount of such net worth must be included in the prospectus, or in the alternative, a representation that such sponsor meets the net worth requirements of Section 260.140.111.2 shall be so included.

Note: Authority cited: Section 25610, Corporations Code. Reference: Section 25140, Corporations Code.

30. Amend subsection (a) of Section 260.140.128.8 to read:

(a) In appropriate cases there may be a provision for ~~assessability~~ assessment; provided, however, that the maximum amount which may be assessed for a voluntary assessment shall not exceed 100% of the initial subscription and for a mandatory assessment shall not exceed 25% of the initial subscription, and provided further, that in no case shall the total of all assessments exceed 100% of the initial subscription. All such assessments shall be solely for the purpose of drilling or completing a development well or wells or for acquiring additional interests or leases in a prospect which has proven production. In such cases, the aggregate offering price of the units as set forth in the application for qualification shall include and show separately the basic unit offering price and the maximum amount of the assessment.

Note: Authority cited: Section 25610, Corporations Code. Reference: Section 25140, Corporations Code.

31. Amend the certification in Section 260.146 to read:

I certify (or declare) under penalty of perjury under the laws of the State of California that I have read this application and the exhibits thereto and know the contents thereof, and that the statements therein are true and correct.

Executed at _____, on _____, 19 20

(Place)

(Date)

(Signature)

Note: Authority cited: Sections 25146 and 25610, Corporations Code.

Reference: Section 25146, Corporations Code.

32. Amend the certification in subsection (a) of Section 260.151 to read:

I/We certify (or declare) under penalty of perjury under the laws of the State of California that I/We have read this application and the exhibits thereto and know the contents thereof, and that the statements therein are true and correct.

Executed at _____, on _____, 19 20

(Place)

(Date)

(Signature of Transferor)

(Signature of Transferor)

(Signature of Transferor)

(Signature of Transferor)

(Signature of Transferor)

(Signature of Transferor)

Note: Authority cited: Section 25610. Corporations Code. Reference: Section 25151.

33. Amend the certification in subsection (b) Section 260.151 to read:

I certify (or declare) under penalty of perjury under the laws of the State of California that I have read this application and the exhibits thereto and know the contents thereof, and that the statements therein are true and correct.

Executed at _____, on _____, 19 20
(Place) (Date)

(Name of Entity) (Signature of Transferee)

(Title)

Note: Authority cited: Section 25610, Corporations Code. Reference: Section 25151, Corporations Code.

34. Repeal subdivision (c) of Section 260.217.

~~(c) The provisions of subsection (a)(1) of this section shall not apply to any individual who is a member or is employed by a member of the Pacific Stock Exchange~~

~~Incorporated so long as the individual is engaged in the securities business solely as a specialist, market maker or floor broker on the Pacific Stock Exchange Incorporated.~~

Note: Authority cited: Sections 25217(a) and 25610, Corporations Code.

Reference: Section 25217, Corporation Code.

35. Amend subsection (b) of Section 260.231 to read:

(b) Instructions for California.

The instructions for completing Form ADV for filing in California are as follows:

DEPARTMENT OF CORPORATIONS
STATE OF CALIFORNIA
INSTRUCTIONS FOR COMPLETING AND FILING
APPLICATION FOR INVESTMENT ADVISER CERTIFICATE
ON FORM ADV
(UNIFORM APPLICATION FOR INVESTMENT ADVISER
REGISTRATION) (17 CFR 279.1) IN CALIFORNIA

(Only for Use in Connection with Applications and Amendments to Applications for Investment Adviser Certificate Pursuant to Section 25231, Corporations Code, and Section 260.241.4, Title 10, California Code of Regulations).

PART I. FILING FEE AND MAILING ADDRESS

The fee for filing an initial application for a certificate as an investment adviser is \$125. Payment of this amount shall keep the certificate, if granted, in effect during the calendar year in which it is granted. Make checks payable to the DEPARTMENT OF

CORPORATIONS and mail it with Form ADV to Department of Corporations, ~~980 9th Street, 5th Floor, Sacramento, CA 95814-2725~~ 1515 K Street, Suite 200, Sacramento, CA 95814-4052. Fees are not refundable except pursuant to Section 250.15, Title 10, California Code of Regulations.

Note: Authority cited: Sections 25231 and 25610, Corporations Code.

Reference: Section 25231, Corporations Code.

36. Amend subsection (b) of Section 260.241.4 to read:

(b) Effective February 1, 1989, each licensed broker-dealer who is a member of the National Association of Securities Dealers, Inc., shall file changed information contained in its Form BD and Schedules A or B or C and D ~~and = thereto~~ and thereto (Uniform Application for Broker-Dealer Registration) (17 CFR 249.501), through the Central Registration Depository in accordance with its procedures for transmission to the Commissioner.

Note: Authority cited: Sections 25241 and 25610, Corporations Code.

Reference: Section 25241, Corporations Code.

37. Amend the certification in Section 260.242 to read:

I certify (or declare) under penalty of perjury under the laws of the State of California that I have read this application and the exhibits thereto and know the contents thereof, and that the statements therein are true and correct.

Executed at _____, on _____, 19 20

(Place)

(Date)

(Signature)

Note: Authority cited: Section 25610, Corporations Code. Reference: Section 25242, Corporations Code.

38. Section 260.507 is amended to read:

260.507. Form of Application for Approval of Repurchase Offer Facing Page.

An application for approval as to form of an offer to repurchase a security in accordance with Subdivision (b) of Section 25507 of the Code shall have as the first page thereof a facing page in the following form containing the information therein specified:

(Department of Corporations Use Only)

Fee Paid \$_____

Receipt No. _____

DEPARTMENT OF CORPORATIONS

File No. _____

(Insert file number of previous filings of
applicant before the Department, if any)

FEE: _____

(To be completed by applicant)

Date of application: _____

DEPARTMENT OF CORPORATIONS

STATE OF CALIFORNIA

APPLICATION FOR APPROVAL AS TO FORM OF AN OFFER TO REPURCHASE A
SECURITY UNDER SUBDIVISION (b) OF SECTION 25507 OF THE CORPORATE
SECURITIES LAW OF 1968.

1. Name of issuer.
2. Address of principal executive office of issuer.

Number and Street	City	State	Zip Code
-------------------	------	-------	----------
3. The name and address of each person making the offer set forth in Exhibit D of Item 9.
4. Name and address of person to whom correspondence regarding this application should be addressed.
5. State whether issuer is a corporation, partnership, trust or other entity and the state of incorporation or jurisdiction under which organized.
6.

(a)	(b)	(c)	(d)
Type of security	Number of shares	Aggregate value	If a cash
	or units covered	of consideration	offer
	by the offer.	received.	aggregate
			amount to
			be offered.

_____	_____	\$ _____	\$ _____
_____	_____		
_____	_____		

INSTRUCTIONS

Completion of Application. The application should be continued in typewritten or printed form in the English language, on one side only of either legal or letter size paper which should be attached to the facing page when submitted. Provide the information required by Items 7 through 9 below. Identify each statement by reference to the item number. Any item which is inapplicable should be listed by the number of the item, followed simply by the word "inapplicable." At each item where relevant refer to and incorporate by reference any attached exhibits or documents and any documents currently on file with the Department. Such reference should indicate the page or portion of the document where the information is located. Sign and verify the last page in the manner shown in the instructions below.

7. Describe the transaction or distribution of securities in connection with which the repurchase offer is to be made, including, but not limited to, the following:

a. If offers are to be made to less than all of the persons who received securities in connection with such transaction or distribution, the names and addresses of the persons to whom offers will not be made. In the absence of unusual circumstances, the Commissioner will not ordinarily approve a repurchase offer if concurrent offers are not being made to all persons to whom liability may exist. If a request is made for a variance, a detailed explanation of the facts and circumstances must be submitted, including an explanation of the basis for excluding each person proposed to be omitted.

b. If the consideration paid for the securities was other than cash, a description of such consideration and a statement of the method and basis by which the valuation of

the consideration was determined in connection with the repurchase offer, and information demonstrating that such valuation is bona fide and fair to the offeree.

8. Describe the business done and intended to be done by the issuer and its subsidiaries and the general development of such business during the past three years. Indicate any other names under which the issuer or any of its subsidiaries have conducted business during such period.

9. Exhibits. Attach and incorporate by reference the following exhibits:

A. Financial statements setting forth the information required by Section 260.613 of these rules.

B. Unless such information is included in Exhibit D hereto, the name and address of each person to whom the offer is to be made, the consideration paid by such person for the securities and, if a cash offer is being made, the amount to be offered such person.

C. A copy (which may be in the form of a restated or composite copy) of applicant's certificate of incorporation, articles of incorporation, certificate of determination of preferences, agreement of consolidation or merger, and by-laws of a corporation; declaration of trust; agreement of partnership, certificate of limited partnership; or any other document or instrument adopted to establish or regulate any association, joint stock company, trust, or other entity; as such documents are currently in effect.

D. A form of written offer for which the Commissioner's approval is requested. Such offer should contain the following:

(1) In capital letters of not less than ten-point type the following legend, printed in contrasting color or type:

“THIS OFFER OF REPURCHASE HAS BEEN APPROVED BY THE COMMISSIONER OF CORPORATIONS IN ACCORDANCE WITH SECTION 25507(b) OF THE CORPORATE SECURITIES LAW OF 1968 ONLY AS TO ITS FORM. SUCH APPROVAL DOES NOT IMPLY A FINDING BY THE COMMISSIONER THAT ANY STATEMENTS MADE HEREIN OR IN ANY ACCOMPANYING DOCUMENTS ARE TRUE OR COMPLETE; NOR DOES IT IMPLY A FINDING THAT THE AMOUNT OFFERED BY THE SELLER IS EQUAL TO THE AMOUNT RECOVERABLE BY THE BUYER OF THE SECURITY IN ACCORDANCE WITH SECTION 25503 IN A SUIT AGAINST THE SELLER, AND THE COMMISSIONER DOES NOT ENDORSE THE OFFER AND MAKES NO RECOMMENDATION AS TO ITS ACCEPTANCE OR REJECTION.”

(2) The name and address of each person making the offer.

(3) Any variation proposed to be made in the form of the repurchase offer to the several parties to whom the offer is made.

(4) A statement regarding the respect in which the liability under Section 25503 of the Code arose, including the following:

(a) Identification of the transaction involved, including the date, a complete description of the security sold and the nature and amount of consideration given therefor.

(b) Identification of the parties to the transaction involved, including:

(i) The seller of the security;

- (ii) Every person who directly or indirectly controls the seller;
 - (iii) Every partner in the seller firm;
 - (iv) Every principal executive officer or director of a seller corporation;
 - (v) Every person occupying a similar status or performing similar functions;
 - (vi) Every employee of any of the foregoing who has materially aided in the transaction;
 - (vii) Every broker-dealer or agent who has materially aided in the transaction.
- (c) Identification of the specific section of the Corporate Securities Law of 1968 which may have been violated. In this connection, the offer need not contain an admission or acknowledgment that a violation has occurred or that liability has been incurred. All that is required is a statement that liability under the particular section may have arisen.
- (d) An explanation of the scope of the liability which may have been incurred, and a statement that this liability is being terminated by the offer.
- (5) If the offer is to repurchase the security for cash, the offer should set forth the following:
- (a) The amount to be paid as a monetary sum and that interest will be paid thereon at 7% per annum, from the date of the transaction (specifying such date). If the amount to be paid is not equal to the value of the consideration paid for the security by the offeree (because of income paid thereon or because the security was sold by the offeree), the method by which the amount to be paid was determined should be set forth, showing all adjustment, if any, by reason of dividends, distributions, assessments or otherwise. Assessments on the security paid by the offeree shall be included as a

part of the purchase price paid and as a part of the value of the consideration received by the seller.

(b) If the consideration paid for the securities was other than monetary (such as services or property), the repurchase offer must set a cash value for the services or property and state the method by which such valuation was determined.

(c) A statement that payment will be made immediately upon delivery of the security, or, if no certificates were issued or if the offeree no longer owns the security, that payment will be made immediately upon delivery of acceptance of the offer. The offer should set forth reasonable provisions regarding the manner of acceptance, including the name and address of the party to whom acceptance and tender is to be made.

(6) If rescission is offered, the offer shall set forth in detail the terms and conditions thereof, including:

(a) All of the undertakings required to be performed by the offeror and offeree, to place the parties back in the same position as before the transaction.

(b) If rescission is contingent upon undertakings by parties other than offeror or offeree, a detailed statement as to such undertakings.

(c) The time within which such undertakings are to be performed, which shall be a reasonable time, and the date or event from which such time begins to run.

(d) Reasonable provisions regarding the manner of acceptance and tender, including the name and address of the party to whom acceptance and tender is to be made.

(7) A statement of the time within which the offer must be accepted, which may not be less than 30 days after the receipt of the offer.

(8) A complete statement of Subdivision (b) of Section 25507 and of Sections 25503 and 25504 of the Code.

(9) A statement indicating that the offeree's right of action, if any, under Sections 25500, 25501 and 25502 of the Code and under common law, is not necessarily foreclosed by acceptance or rejection of the offer.

(10) A statement with respect to the Commissioner's authority to impose a legend condition restricting transferability of the security under Section 25534 of the Code and with respect to any action taken by the Commissioner pursuant to such section with respect to the security.

(11) Such information regarding the issuer and the security as is material to the consideration of the offer by the offerees, including information regarding the issuer's organization and management, its operations and plan of business, and its financial condition. In general, the information required to be furnished to the offerees is that which would be furnished for a qualification of a similar offering, considering the nature of the transaction, the number of investors and their relationship with the issuer. Such information may be required to be set forth in the form of an offering circular. Financial statements shall be in the form prescribed by Section 260.613 of these rules.

(12) If the financial condition of the issuer is such that the acceptance of the offer by some or all of the offerees will imperil its ability to continue in business, the offer must clearly state the risks undertaken by investors who elect to reject, or who do not accept, the offer. If the financial condition of the offeror is such that it may be unable to

perform upon the offer in the event of acceptance by all, or a portion of, the offerees, the offer must clearly state the legal consequences and the investment risks of such failure of performance as to the issuer and as to the investors. If the offeror has insufficient liquid assets to assure payment to all parties who may accept the offer, commitments of payment by other persons may be included, together with a showing of their ability to perform such commitments.

(NOTE: The application must be signed and verified in the following manner.)

The applicant has duly caused this application to be signed on its behalf by the undersigned, thereunto duly authorized.

(Applicant)

By _____

(Title)

I certify (or declare) under penalty of perjury under the laws of the State of California that I have read this application and the exhibits thereto and know the contents thereof, and that the statements therein are true and correct.

Executed at _____, on, 19 20

(Place)

(Date)

(Signature)

Signing of Application. Application should be signed by an officer or general partner of the applicant; however, it may be signed by another person holding a power of attorney for such purposes from the applicant, and if signed on behalf of the applicant pursuant to such power of attorney, should include as an additional exhibit a copy of said power of attorney or a copy of the corporate resolution authorizing the attorney to act.

Incorporation by Reference. In lieu of answering any specific item in this form, an applicant may incorporate the information called for by reference to any attached document, or to any document currently on file with the Department. Such reference should indicate the pages or portion of the document where the information is located.

Filing Fee. The filing fee shall be the amount that would have been payable under subdivisions (e), (f), (h) or (i) of Section 25608 if an application had been filed to qualify the transaction in which the securities were sold in violation of the qualification provisions. The filing fee fixed by Section 25608 must accompany each application and the amount of filing fee paid is to be set forth on the front page in the upper right hand corner.

By way of illustration, the filing fee for qualification of securities by coordination, notification, or permit, under Sections 25113 or 25121 is computed by taking ~~4/40th~~ 2/10ths of 1% of the maximum aggregate offering price of securities being qualified in California and adding ~~\$400~~ \$200. Thus, a qualification, for \$275,250 would be computed by moving the decimal point three places to the left, \$275.25, doubling the amount, \$550.50, and adding ~~\$400~~ \$200 for a total of ~~\$375.25~~ \$750.00.

Note: Authority cited: Sections 25507(b) and 25610, Corporations Code.
Reference: Sections 25500, 25501, 25502, 25503, 25504, 25504.1 and 25507,
Corporations Code.

39. Amend Section 260.608 to read:

(a) Publications issued by the Commissioner shall be available for the charges set forth below, except that these charges shall not apply to other governmental agencies.

(b) Individual Copies. Individual copies of the releases, notices of rule changes and other publications of the Commissioner may be obtained upon request from any office of the Department. Mail requests should be directed to the Department of Corporations 320 West 4th Street, Suite 750, Los Angeles, California 90013-~~2344.4405~~. No charge is made for individual copies of current publications. The charge for items which are not current is the regular charge for copy work.

(c) Mailing Lists. A charge per year in the amount indicated below is made for each individual mailing list to receive releases, notices of rule changes and other publications of the Commissioner (other than those referred to in subsections (e) and (f) pertaining to a particular law administered by the Department. Requests to be placed on a mailing list should be directed to the Department of Corporations, 320 West 4th Street, Suite 750, Los Angeles, California 90013-~~2344.4405~~.

- (1) California Finance Lenders Law (\$4.00)
- (2) California Residential Mortgage Lending Act (\$4.00)
- (3) Capital Access Company Law (\$4.00)

- (4) Check Sellers, Bill Payers and Proraters Law (\$1.00)
- (5) Corporate Securities Law and Commodity Law (\$10.00)
- (6) Escrow Law (\$2.00)
- (7) Franchise Investment Law (\$2.00)
- (8) ~~Knox-Keene Health Care Service Plan Act (\$4.00)~~
- (9) General Mailing List ~~(\$30.00)~~ (\$27.00) includes items (1) through ~~(8)~~ (7)

(d) Forms. As a convenience to attorneys and other members of the public, forms prescribed by these rules may be obtained from any office of the Department. No charge will be made in connection with any single request for not more than two copies of any form which are picked up at any office of the Department. The Department will, upon request, mail additional copies of any form or forms at cost, except that the minimum charge for any single order will be one dollar (\$1.00). Prices will include sales tax and postage.

~~(e) Eligible Securities List. Subscriptions to the list of securities eligible for sale in the State of California under the provisions of Section 25130 of the Code are available through the Department of Corporations, Securities Regulation Division, Broker-Dealer Regulatory Section, 320 West 4th Street, Suite 750, Los Angeles, California 90013-1105. The service consists of complete quarterly listings and weekly supplements. The annual subscription cost is \$175.00.~~

~~(f) Interpretive Opinions. Subscriptions to the Commissioner's opinions selected for publication are available through California Continuing Education of the Bar (CEB), 2300 Shattuck Avenue, Berkeley, California 94704. The selection for publication is~~

~~made by the Department with due regard to the public interest in the legal questions considered.~~

Note: Authority cited: Sections 25608 and 25610, Corporations Code. Reference: Section 25608, Corporations Code.

40. Amend Section 280.150 to read:

280.150. Office Location for Filing of Application and Related Forms.

All applications, notices or forms under the Capital Access Company Law must be filed in the Sacramento Office of the Department of Corporations, located at ~~980 Ninth Street, Suite 500~~ 1515 K Street, Suite 200, Sacramento, CA 95814.

Note: Authority cited: Section 28951, Corporations Code. Reference: Section 28951, Corporations Code.

41. Amend subsection (a)(1) of Section 1718 to read:

1718. Cash is Lieu of Surety Bond.

(1) The escrow agent or applicant shall make an assignment of the deposit, certificate or account to the Commissioner. The assignment shall be made using the following form containing the information therein specified:

BEFORE THE
DEPARTMENT OF CORPORATIONS
OF THE
STATE OF CALIFORNIA

ASSIGNMENT TO COMMISSIONER OF CORPORATIONS

PURSUANT TO FINANCIAL CODE SECTION 17202.1

PART I. ASSIGNMENT

_____, herein after called Assignor,

(Name)

whose place of business is _____, does hereby
assign and set over to the Commissioner of Corporations of the State of California or his
or her duly appointed conservator or receiver all right, title and interest of whatever
nature of Assignor in and to the investment certificate/certificate of deposit/bank
account/savings and loan share account of the Assignor in

(Name of industrial loan company, bank or savings and loan association)

_____, California,

(Street)

(City)

in the amount of \$_____, identified as certificate/account no.

_____. Assignor agrees that this
assignment carries with it the right in the insurance of the assigned accounts by the
Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance
Corporation (or its successor) and includes and gives the right to the Commissioner of
Corporations or his or her duly appointed conservator or receiver to redeem, collect and

withdraw the full amount of such deposit, certificate or account at any time without notice to the Assignor. This assignment is given as security for any liability of the Assignor under the provisions of the Escrow Law and in accordance with sections 17202 and 17202.1 of the California Financial Code. This assignment includes interest and penalties payable on any such liability. Assignor hereby notifies the above-named industrial loan company, bank or savings and loan association of this assignment.

(A copy of the resolution of Assignor's Board of Directors, certified by the Secretary of the Assignor, must be attached to each copy of this Assignment.

Dated this ____ day of _____, 19 20_____.

(Assignor)

Signature of Authorized Officer

PART II. RECEIPT FOR NOTICE OF ASSIGNMENT

Receipt is hereby acknowledged of the written notice of the assignment to the Commissioner of Corporations, State of California, of the investment certificates, certificates of deposit, bank accounts or savings and loan share accounts identified in Part I hereof. We confirm that such account/certificate is outstanding and we have noted

in our records the interest of the Commissioner and his or her duly appointed conservator or receiver therein as shown in said Assignment, and have retained a copy of said Assignment and of this receipt. We certify that said accounts are fully insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation (or its successor) and that we have received no notice of any lien, encumbrance, hold, claim or obligation concerning said certificates or accounts prior to the assignment thereof to the Commissioner of Corporations. We further state that no lien or right of offset is or at any subsequent time will be claimed by this industrial loan company, bank or savings and loan association against said certificates or accounts for any obligation due or to become due to this industrial loan company bank or savings and loan association from the Assignor or any of its officers, directors, shareholders or employees. We agree to make payment to the Commissioner of Corporations upon request in accordance with the laws applicable to this industrial loan company, bank or savings and loan association.

Dated this ____ day of _____, 19 20_____.

(Name of industrial loan company, bank or savings and loan association)

(Street)

(City)

By _____

(Name and Title of Officer)

PART III. RECEIPT FOR DEPOSIT OF INVESTMENT CERTIFICATES,
CERTIFICATES OF DEPOSIT, BANK ACCOUNTS OR SAVINGS AND LOAN SHARE
ACCOUNTS AND DIRECTIONS TO PAY EARNINGS

Receipt is acknowledged of the above Assignment and the investment certificates, certificates of deposit, bank accounts or savings and loan share accounts identified therein. The industrial loan company, bank or savings and loan association named in the above Assignment is hereby authorized and directed to pay any earnings which exceed the amount of any penalties which may be assessed on said certificates or accounts to the above-named Assignor until otherwise notified in writing by the Commissioner of Corporations of the State of California.

Dated this ____ day of _____, 19 20_____.

(Commissioner of Corporations)

By _____

Note: Authority cited: Sections 17202.1 and 17400, Financial Code. Reference:
Section 17202.1, Financial Code.

42. Amend Section 1805.204 to read:

1805.204. Application for Certificate.

An application for a certificate as a securities depository shall be made on the
following form:

DEPARTMENT OF CORPORATIONS

FILE NO.

(insert file number of previous filings
before the Department, if any.)

FEE: \$2,500

(not refundable)

Date of Application _____

DEPARTMENT OF CORPORATIONS

STATE OF CALIFORNIA

INDICATE THE TYPE OF FILING BY CHECKING EITHER THE ORIGINAL OR
AMENDMENT APPLICATION HEADING SHOWN BELOW.

☐ ORIGINAL APPLICATION FOR A CERTIFICATE AS A SECURITIES
DEPOSITORY PURSUANT TO SECTION 30204 OF THE SECURITIES
DEPOSITORY LAW

[] AMENDMENT TO APPLICATION FOR A CERTIFICATE AS A SECURITIES
DEPOSITORY PURSUANT TO SECTION 1805.213.1 OF TITLE 10 OF THE
CALIFORNIA ~~ADMINISTRATIVE~~ CODE OF REGULATIONS.

1. Name of Applicant (Complete name as appearing on articles of incorporation)

2. Address of principal office of applicant

Number and Street

City

State

Zip Code

3. Address of principal office of applicant in the State of California

Number and Street

City

State

Zip Code

4. Name and address of person to whom communications should be addressed
concerning this application

5. (a) State in which applicant was incorporated:

(b) Date on which applicant was incorporated:

(c) Is applicant in good standing in the State of its incorporation?

Indicate "yes" or "no"

6. The name and address of the independent certified public accountant or
independent public accountant retained, or to be retained, by the applicant to report
upon or certify its financial statements in accordance with Section 30213 of the
Financial Code is:

Name:

Address: _____

7. There are attached as exhibits the following which are incorporated herein by reference:

- A. A list of the incorporators, directors and officers of the applicant, showing the full name of each such person, his residence address and the position or positions he occupies with the applicant.
- B. A list of all addresses at which facilities of the applicant will be located, setting forth as to each such address the following information:
 - (1) The functions or operations which will be conducted.
 - (2) The facilities (including staff) to be there employed.
 - (3) A statement as to whether or not any other business will be conducted at such address and, if so, the name of the person conducting such other business and a description thereof, together with a detailed statement of the reasons for such joint occupancy and of the safeguards to be employed by the applicant by reason thereof.
- C. A detailed description of the proposed method of operation of the applicant, including a description of the books, records and accounts to be maintained, its description of its operational procedures (e.g. interfacing with other depositories, dividend payments, stock transfers, dividend claims, proxies and proxy statements, loans and pledges of depositors' securities), and a description of the safeguards to be employed with respect to the custody, handling, record-keeping, insurance and auditing of securities on deposit.

- D. An analysis of the financial needs of the applicant for a period of not less than 12 months of operation from the date it anticipates receiving a securities depository certificate, showing projected income and disbursements and the source and allocation of funds to be employed in its business, together with a statement of the facts and assumptions underlying such analysis and projections.
- E. Financial statements of the applicant, which include at least a balance sheet and profit and loss statement certified by an independent public accountant or certified public accountant, and if such certified financial statements are prepared as of a date more than 60 days prior to the filing of this application, a balance sheet and profit and loss statement, which need not be certified, prepared as of a date within such 60-day period, together with profit and loss statements covering at least three years of its operations, or such lesser period as the applicant may have operated, to the date of such certified balance sheet.
- F. A copy (which may be in the form of a restated or composite copy) of applicant's articles of incorporation, bylaws, depository agreement and custody agreement.
- G. A list in columnar form showing, as to each person who is or who will be a holder of capital stock of the applicant, the following information:
- (1) Such person's full name and address.
 - (2) The class of capital stock to be held by such person and the percentage of that class to be held by such person.
 - (3) A statement of the capacity in which such person holds or will hold capital stock in compliance with Section 30201 of the Financial Code.

H. A bond as required by Section 1805.205.1 of Title 10 of the California
Administrative Code of Regulations.

8. There is attached, for each person identified in Exhibit A to this application as an incorporator, director or officer of the applicant, a statement executed by such person in the form prescribed by Section 1805.204.1 of Title 10 of the California Administrative Code of Regulations.
9. Pursuant to Section 1805.213.1 of Title 10 of the California Administrative Code, applicant hereby undertakes to notify the Commissioner promptly, and in no event later than 30 days after the occurrence, of any changes in the information set forth in this application by filing with the Commissioner an amendment to this application on this form setting forth the changed items only. (Instruction: Such undertaking is applicable to all matters except financial statements which are otherwise covered by the provisions of Section 1805.213 of Title 10 of the California Administrative Code of Regulations.)
10. The name of the applicant's workmen's compensation insurance carrier, if any, is.
The applicant is aware of the provisions of Section 3700 of the Labor Code which requires every employer to be insured against liability for workmen's compensation.
11. The applicant has duly caused this application to be signed on its behalf by the undersigned, thereunto duly authorized.

(Applicant)

By _____

(Title)

I declare under penalty of perjury that I have read this application and the exhibits thereto and know the contents thereof and that the statements therein are true.

Executed at _____ California, _____ 19 20

(Signature of Declarant)

(If executed outside of California, attach a verification executed and sworn to before a notary public.)

Note: Authority cited: Sections 30006 and 30204, Financial Code. Reference: Section 30204, Financial Code.

43. Amend Section 1805.204.1 to read:

1805.204.1. Statement of Qualifications.

The statement of qualifications required pursuant to Item 8 of Section 1805.204 of these rules shall be in the following form:

DEPARTMENT OF CORPORATION

STATE OF CALIFORNIA

STATEMENT OF QUALIFICATIONS TO BE FILED BY AN INCORPORATOR,
OFFICER OR DIRECTOR OF AN APPLICANT FOR A SECURITIES DEPOSITORY
CERTIFICATE OR OF A LICENSED SECURITIES DEPOSITORY.

1. Name of Securities Depository or Applicant:

2. Full name of incorporator, officer or director:

3. Residence address of the person named in Item 2:

4. Identifying Information:

a. ☐ Male ☐ Female

b. Citizenship _____

c. Date of birth ____/____/____

d. Place of birth _____

5. Capacity in which this statement is filed: (check applicable box)

☐ Incorporator ☐ Director ☐ Officer

6. If an officer of the applicant/securities depository, state title:

7. If you are an officer or will perform any managerial functions for the applicant/
securities depository, describe such functions fully, specifically identifying the
operations and/or offices of the applicant/securities depository over which you
will have supervision:

8. State the college or university degrees received and the dates received, and the school awarding each degree.
9. List all employments which you believe relate to your qualifications to perform your duties as specified in Items 5, 6 and/or 7 above, stating the name of the employer, the duties performed and the dates of such employment.

Inclusive Dates	Duties Performed	
of Employment	Name of Employer	Position Held

10. Have you, or are you, within the 10 years immediately preceding the filing of this statement:

A. Been either (1) convicted of or pleaded nolo contendere to a felony or misdemeanor, or (2) held liable in a civil action by final judgment of a court based upon conduct showing moral turpitude, which felony, misdemeanor or judgment (i) involved the purchase or sale of any security, (ii) arose out of the conduct of the business of a broker-dealer, investment adviser, or commodity adviser, (iii) involved embezzlement, fraudulent conversion or misappropriation of property, fund or securities, or (iv) involved the violation of Sections 1341, 1342 or 1343 of Title 18 of the United States Code;

_____ [] Yes [] No;

or

B. Permanently or temporarily enjoined by order, judgment, or decree of any court of competent jurisdiction from acting as an investment adviser, underwriter, or broker-dealer, or as an affiliated person or employee of any

investment company, bank or insurance company, or from engaging in or continuing any conduct or practice in connection with any such activity or in connection with the purchase or sale of any security;

_____ ☐ Yes ☐ No;

or

- C. Subject to any currently effective order of the Securities and Exchange Commission or the securities administrator of any other state denying registration to or revoking or suspending the registration of such person as a broker or dealer or investment adviser or subject to any currently effective order of any national securities association or national securities exchange (as defined in the Securities Exchange Act of 1934) suspending or expelling such person from membership in such association or exchange?

☐ Yes ☐ No;

If the answer to any of the foregoing is "yes," or any such action is pending, set forth on a separate sheet in reasonable detail the facts with respect thereto.

11. Have you ever been known personally by, or conducted business under, any other name than that shown in Item 2 above?

_____ ☐ Yes ☐ No;

If "yes," attach a statement giving full details.

12. Signature to this statement by person named in Item 2 above:

I declare under penalty of perjury that I have read this statement and the attachments hereto, if any, called for by Items 10 and 11 above, and know the contents thereof, and that the statements therein are true.

Executed at _____ California, _____, 19 20.

(Signature of Person Named in Item 2 Above)

(INSTRUCTION: If executed outside of California, attach a verification executed and sworn to before a notary public.)

Note: Authority cited: Sections 30006 and 30204, Financial Code. Reference: Sections 30204, 30205 and 30206, Financial Code

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